

ESTTA Tracking number: **ESTTA745866**

Filing date: **05/11/2016**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91207836
Party	Plaintiff Volvo Trademark Holding AB
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Date	05/11/2016
Attachments	Deposition of M. Dempe Exhibit 64 part 47.pdf(5085198 bytes) Deposition of M. Dempe Exhibit 64 part 48.pdf(5136892 bytes) Deposition of M. Dempe Exhibit 64 part 49.pdf(5364040 bytes) Deposition of M. Dempe Exhibit 64 part 50.pdf(4460154 bytes) Deposition of M. Dempe Exhibit 64 part 51.pdf(2791944 bytes) Deposition of M. Dempe Exhibit 65 part 1.pdf(2513991 bytes) Deposition of M. Dempe Exhibit 65 part 2.pdf(4993586 bytes) Deposition of M. Dempe Exhibit 65 part 3.pdf(4001402 bytes) Deposition of M. Dempe Exhibit 65 part 4.pdf(4576659 bytes) Deposition of M. Dempe Exhibit 65 part 5.pdf(3645739 bytes) Deposition of M. Dempe Exhibit 65 part 6.pdf(4920684 bytes) Deposition of M. Dempe Exhibit 65 part 7.pdf(4666057 bytes)

AB Volvo's holding of shares in subsidiaries

	Registration number	Dec 31, 2013 Percentage holding ¹	Dec 31, 2013 Carrying value ²	Dec 31, 2012 Carrying value ²
Volvo Lastvagnar Sverige AB, Sweden	556013-9700	100	8,711	8,711
Volvo Holding Sverige AB, Sweden	556539-9853	100	7,634	7,634
Volvo Group Japan Co, Japan	-	100	8,928	6,379
Volvo Bussar AB, Sweden	556197-3826	100	1,917	1,917
Volvo Construction Equipment NV, The Netherlands	-	100	2,582	2,582
AB Volvo Penta, Sweden	556034-1330	100	438	438
VNA Holding Inc., USA	-	100	3,278	2,491
Volvo Financial Services AB, Sweden	556000-5406	100	1,945	1,945
Volvo Treasury AB, Sweden	556135-4449	100	13,044	13,044
Sotrof AB, Sweden	556519-4494	100	1,388	1,388
Volvo Korea Holding AB, Sweden	556531-8572	100	2,655	2,655
Volvo China Investment Co Ltd., China	-	100	1,096	1,096
Volvo Automotive Finance (China) Ltd., China	-	100	491	491
Volvo Group UK Ltd., Great Britain ³	-	39	413	413
Volvo Holding Mexico, Mexico	-	100	531	531
Volvo Group Venture Capital AB, Sweden	556542-4370	100	361	361
Volvo Powertrain AB, Sweden	556000-0753	100	498	498
Volvo Information Technology AB, Sweden	556103-2698	100	1,263	663
Volvo Parts AB, Sweden	556365-9746	100	150	200
Volvo Group Insurance Försäkrings AB, Sweden	516401-8037	100	182	182
Volvo Business Services AB, Sweden	556029-5197	100	67	107
Volvo Danmark A/S, Denmark	-	100	128	104
VFS Servizi Finanziari Spa, Italy ⁴	-	25	79	79
Kommersiella Fordon Europa AB, Sweden	556049-3388	100	1,890	1,890
Volvo Norge A/S, Norway	-	100	56	56
Volvo Malaysia Sdn, Malaysia	-	100	48	48
ZAO Volvo Vostok, Russia ⁵	-	75	34	34
Volvo Italia Spa, Italy	-	100	447	386
CPAC Systems AB, Sweden ⁶	556566-2870	49	367	367
Volvo Logistics AB, Sweden	556197-9732	100	85	85
Rossareds Fastlighets AB, Sweden	556009-1190	100	26	26
Alviva AB, Sweden	556622-8820	100	5	5
Volvo East Asia (Pte) Ltd., Singapore	-	100	9	9
Volvo Information Technology GB Ltd., Great Britain	-	100	3	3
VFS Latvia SIA, Latvia	-	100	9	9
Other holdings	-	100	5	5
Total carrying value Group companies⁷			60,763	56,832

AB Volvo's holding of shares in joint ventures, associated companies and non-Group companies

	Registration number	Dec 31, 2013 Percentage holding ¹	Dec 31, 2013 Carrying value Mkr ²	Dec 31, 2012 Carrying value Mkr ²
VE Commercial Vehicles Ltd., India ⁸	-	45.6	1,616	1,616
Eicher Motors Ltd., India	-	8.43	1,191	775
Deutz AG, Germany	-	25.03	1,359	1,359
Blue Chip Jet HB, Sweden	969639-1011	50	3	8
Blue Chip Jet II HB, Sweden	969717-2105	50	359	386
Other investments	-	-	18	21
Total carrying value, joint ventures, associated companies and non-Group companies			4,546	4,165

1 The percentage holding refers to the Parent Company AB Volvo's holding.

2 Refers to AB Volvo's carrying value of its holding.

3 Total holding by Volvo Lastvagnar AB and AB Volvo is 100%.

4 Total holding by Volvo Italia Spa and AB Volvo is 100%.

5 Total holding by AB Volvo and Volvo Trucks Region Central Europe GmbH is 100%.

6 Total holding by AB Volvo and AB Volvo Penta is 100%.

7 AB Volvo's share of shareholders' equity is subsidiaries (including equity in untaxed reserves) was 101,937 (100,326).

8 In Volvo Group the company is reported as a joint venture, consolidated according to equity method.

Shares and participations in Group companies

During 2013 a subscription in Volvo Group Japan Co has been made by 3,392. Acquisition of shares in Prévost Car (US) Inc has been disposed by shareholder's contribution to VNA Holding Inc. by 787. Shareholder's contribution has been given to Volvo Information Technology AB by 600 and to Volvo Italia Spa by 124. Acquisition of shares in Renault Trucks Danmark A/S has been made by 24. Renault Trucks Danmark A/S has later on been merged into Volvo Danmark A/S.

Write-down of shares in Volvo Group Japan Co has been made by 843 (-), in Volvo Italia Spa by 63 (110), in Volvo Parts AB by 50 (-) and in Volvo Business Services AB by 40 (-).

During 2012 AB Volvo divested the total shares in Volvo Aero AB with a carrying values of 2,885.

AB Volvo owns, directly or indirectly, 310 legal entities. The legal structure is designed to effectively manage legal requirements, administration and taxes, as well as the operations conducted by the Group in each country it operates. Legal entities may have different characters and include different types of operations, such as production, development and sales. The character of a legal entity may change over time. Furthermore legal entities could include different type of the Group's operations and this could also change over time. In some countries there are legal restrictions which limit the Group's ability to transfer assets between the Group's legal entities. Read more in the note 18 to the consolidated financial statements for a description of restrictions related to cash and cash equivalents.

Volvo Group's operational structure gives a better overview of how the Volvo Group has chosen to organize its business. Read more about Volvo Group's operational structure in note 6 to the consolidated financial statements.

AB Volvo's wholly owned subsidiaries are presented in adjoining table.

Investments in associated companies and joint ventures

VE Commercial Vehicles Ltd, previously classified as an associated company in the Parent company, is from January 1, 2013 reclassified as a joint venture. This reclassification has not had any financial impact.

Write-down of the participations in Blue Chip Jet HB was recognized by 5 (-) and in Blue Chip Jet II HB by 26 (19).

During 2012 AB Volvo acquired additional shares in the listed company Deutz AG amounting to 1,107. The previous holding is reclassified to investments in associated companies. Total holding as of December 31, 2013 amounts to 25% (25).

Shares and participations in non-Group companies

As from January 1, 2013 the holding in the listed company Eicher Motors Ltd was revaluated to fair value. Revaluation during the year has increased the value by 415, recognized in other comprehensive income. The comparative figures for 2012 have been restated, which during the year resulted in an increase in other comprehensive income of 347. Restatement of the value of the holding in Eicher Motors Ltd as of December 31, 2012 has resulted in an increase of Other Shares and participations and Unrestricted shareholder's equity by 543. The holding in Deutz AG was reclassified to an associated company in 2012. In connection with the reclassification the previously recognized revaluations were reversed by 34, recognized in other comprehensive income.

NOTE **14** | OTHER RECEIVABLES

	Dec 31, 2013	Dec 31, 2012
Accounts receivable	31	45
Prepaid expenses and accrued income	248	339
Other receivables	32	694
B/S Total other receivables	311	1,078

The valuation allowance for doubtful receivables amounted to 2 (3) at the end of the year.

NOTE **15** | UNTAXED RESERVES

	Dec 31, 2013	Dec 31, 2012
Accumulated additional depreciation		
Land	3	3
Machinery and equipment	2	1
B/S Total untaxed reserves	5	4

NOTE **16** | PROVISIONS FOR POST-EMPLOYMENT BENEFITS

Provisions for pensions and similar benefits correspond to the actuarially calculated value of obligations not insured with third parties or secured through transfers of funds to pension foundations. The amount of pensions due within one year is included. AB Volvo has insured the pension obligations with third parties. 0 (0) of the amount pertains to contractual obligations within the framework of the PRI (Pension Registration Institute) system.

The Volvo Pension Foundation was formed in 1996. Plan assets amounting to 224 were contributed to the foundation at its formation, corresponding to the value of the pension obligations at that time. Since its formation, net contributions of 25 have been made to the foundation.

AB Volvo's pension costs amounted to 100 (90).

The accumulated benefit obligation of all AB Volvo's pension obligations as of December 31, 2013 amounted to 688 (670). The benefit obligation has been secured partly through provisions in the balance sheet and partly through transfer of funds to pension foundations. Net asset value in the Pension Foundation, market to market, accrued to AB Volvo was 36 higher than the corresponding pension obligations.

NOTE **17** | OTHER PROVISIONS

Other provisions include provisions for restructuring measures of 31 (39).

NOTE **18** | NON-CURRENT LIABILITIES

Non-current debt matures as follows:

2020 or later	7
B/S Total non-current liabilities	7

NOTE **19** | OTHER LIABILITIES

	Dec 31, 2013	Dec 31, 2012
Wages, salaries and withholding taxes	119	121
VAT liabilities	22	-
Accrued expenses and prepaid income	183	116
Other liabilities	18	33
B/S Total other liabilities	342	270

No collateral is provided for current liabilities.

NOTE **20** | CONTINGENT LIABILITIES

Contingent liabilities amounted to 232,308 (243,887) of which 232,297 (243,877) pertaining to Group companies.

Guarantees for various credit programs are included in amounts corresponding to the credit limits. These guarantees amount to 223,669 (235,806), of which guarantees on behalf of Group companies totalled 223,669 (235,806).

At the end of each year, the utilized portion amounted to 126,364 (127,076), including 126,353 (127,065) pertaining to Group companies.

NOTE 21 | CASH-FLOW

Other items not affecting cash amounted to:

	2013	2012
Revaluation of shareholdings	1,031	141
Gains/(losses) on sale of shares	106	(2,869)
Transfer price adjustments, net	558	(140)
Other changes	69	80
Total Other items not affecting cash flow	1,764	(2,788)

Further information is provided in Notes 5, 6 and 7.

Investments and divestments of shares in Group companies, net

	2013	2012
Investments	(4,927)	-
Divestments	(106)	5,097
Total cash flow from investments and divestments of shares in Group companies, net	(5,033)	5,097

Investments and divestments of participations in Group companies are shown in Note 13.

Investments and divestments of shares in non-Group companies, net

	2013	2012
Investments	(1)	(1,108)
Divestments	-	10
Total cash flow from investments and divestments of shares in non-Group companies, net	(1)	(1,098)

Investments and divestments of participations in non-Group companies are presented in Note 13.

Change in loans, net

Increase in loans is related to the company's liability in the group account at Volvo Treasury AB. The liability has increased by 6,021 (decreased by 2,964).

Proposed Remuneration Policy

The proposal by the Board of Directors of AB Volvo to be adopted by the Annual General Meeting April 2, 2014.

This Policy concerns the remuneration and other terms of employment for the Volvo Group Executive Team. The members of the Volvo Group Executive Team, including the President and any possible Deputy President, are in the following referred to as the "Executives".

This Policy will be valid for employment agreements entered into after the approval of the Policy by the Annual General Meeting and for changes made to existing employment agreements thereafter.

1. Guiding principles for remuneration and other terms of employment

The guiding principle is that the remuneration and the other terms of employment for the Executives shall be competitive in order to ensure that the Volvo Group can attract and retain competent Executives.

The annual report 2013 sets out details on the total remuneration and benefits awarded to the Executives during 2013.

2. The principles for fixed salaries

The Executive's fixed salary shall be competitive and based on the individual Executive's responsibilities and performance.

3. The principal terms of variable salary and incentive schemes, including the relation between fixed and variable components of the remuneration and the linkage between performance and remuneration

The Executives may receive variable salaries in addition to fixed salaries. The variable salary may, as regards the President, amount to a maximum of 75% of the fixed annual salary and, as regards the other Executives, a maximum of 60% of the fixed annual salary.

The variable salary may be based on inter alia the performance of the entire Volvo Group or the performance of a certain part of the Group where the Executive is employed. The performance will be related to the fulfilment of various improvement targets or the attainment of certain financial objectives. Such targets will be set by the Board and may relate to inter alia operating income, operating margin or cash flow. The Board may under certain conditions decide to reclaim variable salary already paid or to cancel or limit variable salary to be paid to the Executives.

The Annual General Meeting 2011 decided to adopt a share-based incentive program for senior executives in the Volvo Group relating to the financial years 2011, 2012 and 2013. Since the program adopted in 2011 has expired, the Board has decided to propose to the Annual General Meeting to be held in April 2014 to approve the adoption of a share-based incentive program for senior executives in Volvo relating to the financial years 2014, 2015 and 2016, based on the same principles as the program adopted in 2011.

4. The principal terms of non-monetary benefits, pension, notice of termination and severance pay

4.1 Non-monetary benefits

The Executives will be entitled to customary non-monetary benefits such as company cars and company health care. In addition thereto in individual cases company housing and other benefits may also be offered.

4.2 Pension

In addition to pension benefits which the Executives are entitled to according to law and collective bargaining agreements, Executives resident in Sweden may be offered two different defined-contribution plans

with annual premiums. For the first plan the annual premiums amount to SEK 30,000 plus 20% of the pensionable salary over 30 income base amounts and for the second plan the annual premiums amount to 10% of pensionable salary. In the two defined-contribution plans, the pension earned will correspond to the sum of paid-in premiums and possible return without any guaranteed level of pension received by the employee. Further no definite retirement date is set in the two plans but premiums will be paid for the employee until his or her 65th birthday.

Executives resident outside Sweden or resident in Sweden but having a material connection to or having been resident in a country other than Sweden may be offered pension benefits that are competitive in the country where the Executives are or have been resident or to which the Executives have a material connection, preferably defined-contribution plans.

4.3 Notice of termination and severance pay

For Executives resident in Sweden, the termination period from the Company will be 12 months and 6 months from the Executive. In addition thereto, the Executive, provided that termination has been made by the Company, will be entitled to 12 months' severance pay.

Executives resident outside Sweden or resident in Sweden but having a material connection to or having been resident in a country other than Sweden may be offered notice periods for termination and severance payment that are competitive in the country where the Executives are or have been resident or to which the Executives have a material connection, preferably solutions comparable to the solutions applied to Executives resident in Sweden.

5. The Board's preparation and decision-making on issues concerning remuneration and other terms of employment for the Volvo Group Executive Team

The Remuneration Committee is responsible for (i) preparing the Board's decisions on issues concerning principles for remuneration, remunerations and other terms of employment for Executives, (ii) monitoring and evaluating programs for variable remuneration, both ongoing and those that have ended during the year, for Executives, (iii) monitoring and evaluating the application of this Policy, and (iv) monitoring and evaluating current remuneration structures and levels in the Company.

The Remuneration Committee prepares and the Board decides on (i) terms of employment and remuneration of the President and the Deputy President, if any, and (ii) principles for remuneration (incl. pension and severance pay) for the Executives. The Remuneration Committee shall approve proposals on remuneration of the members of the Volvo Group Executive Team.

The Remuneration Committee is further responsible for the review and recommendation to the Board of share and share-price related incentive programs to be decided upon by the Annual General Meeting.

6. Authority to decide on deviations from this Policy

The Board of Directors may deviate from this Policy if there are specific reasons to do so in an individual case.

7. Information on earlier decisions on remuneration that has not become due for payment at the time of the Annual General Meeting's consideration of this Policy

The decisions already taken on remuneration to the Executives that has not become due for payment at the time of the Annual General Meeting 2014 fall within the frames of this policy.

Proposed Disposition of Unappropriated Earnings

AB Volvo

	SEK
Retained earnings	26,314,018,628.55
Income for the period 2013	(1,621,392,123.95)
Total retained earnings	24,692,626,504.60

The Board of Directors and the President propose that the above sum be disposed of as follows:

	SEK
To the shareholders, a dividend of SEK 3.00 per share	6,084,299,196.00 ¹
To be carried forward	18,608,327,308.60
Total	24,692,626,504.60

The record date for determining who is entitled to receive dividends is proposed to be Monday April 7, 2014.

In view of the Board of Directors' proposal to the Annual General Meeting to be held April 2, 2014 to decide on the distribution of a dividend of SEK 3.00 per share, the Board hereby makes the following statement in accordance with Chapter 18, Section 4 of the Swedish Companies Act.

The Board of Directors concludes that the Company's restricted equity is fully covered after the proposed dividend. The Board further concludes that the proposed dividend is justifiable in view of the parameters set out in Chapter 17, Section 3, second and third paragraphs of the Swedish Companies Act. In connection herewith, the Board wishes to point out the following.

The proposed dividend reduces the Company's solvency from 44.7 per cent to 40.0 per cent and the Group's solvency from 22.4 per cent to 21.0 per cent, calculated as per year end 2013. The Board of Directors considers this solvency to be satisfactory with regard to the business in which the Group is active.

According to the Board of Directors' opinion, the proposed dividend will not affect the Company's or the Group's ability to fulfil their payment obligations and the Company and the Group are well prepared to handle both changes in the liquidity and unexpected events.

The Board of Directors is of the opinion that the Company and the Group have capacity to assume future business risks as well as to bear contingent losses. The proposed dividend is not expected to adversely affect the Company's and the Group's ability to make further commercially justified investments in accordance with the Board of Directors' plans.

In addition to what has been stated above, the Board of Directors has considered other known circumstances which may be of importance for the Company's and the Group's financial position. In doing so, no circumstance has appeared that does not justify the proposed dividend.

If the Annual General Meeting resolves in accordance with the Board of Directors' proposal, SEK 18,608,327,308.60 will remain of the Company's non-restricted equity, calculated as per year end 2013.

The Board of Directors has the view that the Company's and the Group's shareholders' equity will, after the proposed dividend, be sufficient in relation to the nature, scope and risks of the business.

Had the assets and liabilities not been estimated at their market value pursuant to Chapter 4, Section 14 a of the Swedish Annual Accounts Act, the company's shareholders' equity would have been SEK 958,188,903.00 less.

¹ The total dividend amount is based on the number of outstanding shares as of February 21, 2014, i.e. 2,028,099,732 shares. The total dividend amount may change before the record date for determining who is entitled to receive dividends due to transfer of treasury shares to participants in the company's long-term, share-based incentive program.

The Board of Directors and the President certify that the annual financial report has been prepared in accordance with generally accepted accounting principles and that the consolidated accounts have been prepared in accordance with the international set of accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, and give a true and fair view of the position and profit or loss of the Company and the Group, and that the management report for the Company and for the Group gives a fair review of the development and performance of the business, position and profit or loss of the Company and the Group, and describes the principal risks and uncertainties that the Company and the companies in the Group face.

Göteborg, February 21, 2014

Carl-Henric Svanberg
Board Chairman

Peter Bijur
Board member

Jean-Baptiste Duzan
Board member

Hanne de Mora
Board member

Anders Nyrén
Board member

Olof Persson
President, CEO and
Board member

Ravi Venkatesan
Board member

Lars Westerberg
Board member

Ying Yeh
Board member

Peteris Lauberts
Board member

Mikael Sällström
Board member

Berth Thulin
Board member

Our audit report was issued on February 21, 2014

PricewaterhouseCoopers AB

Peter Clemedtson
Authorized Public Accountant
Lead Auditor

Johan Rippe
Authorized Public Accountant

Audit Report for AB Volvo (publ)

To the annual meeting of the shareholders of AB Volvo (publ), corporate identity number 556012-5790

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of AB Volvo (publ) for the year 2013. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 68–89 and 107–179.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2013 and of its financial performance and its cash flows for the year then ended in

accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 90–106. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of AB Volvo (publ) for the year 2013.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Göteborg February 21, 2014

PricewaterhouseCoopers AB

Peter Clemedtson
Authorized Public Accountant
Lead Partner

Johan Rippe
Authorized Public Accountant
Partner

Eleven-year Summary

The eleven-year summary presents each year in accordance with the Generally Accepted Accounting Practice (GAAP) for that year. Earlier years are not restated when new accounting standards are applied. The years 2001–2003 are accounted for in accordance with Swedish GAAP for the respective year. As from 2004 the reporting is based on IFRS. The transition to IFRS is described in Note 3 in the 2005 and 2006 Annual

Reports. As from January 1, 2007, the benefits from the synergies created in the business units are transferred back to the product areas. Also, as from January 1, 2007, the responsibility for the Group's treasury operations and real estate has been transferred from Volvo Financial Services, which, as from January 1, 2007, only are consolidated in accordance with the purchase method. Comparison figures for 2006 have been recalculated.

Consolidated income statements

SEK M	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Net sales	272,622	303,647	310,367	264,749	218,361	303,667	285,405	258,835	240,559	211,076	183,291
Cost of sales	(212,504)	(235,085)	(235,104)	(201,797)	(186,167)	(237,578)	(219,600)	(199,054)	(186,662)	(164,170)	(146,879)
Gross income	60,118	68,562	75,263	62,952	32,194	66,089	65,805	59,781	53,897	46,906	36,412
Research and development expenses	(15,124)	(14,794)	(13,276)	(12,970)	(13,193)	(14,348)	(11,059)	(8,354)	(7,557)	(7,614)	(6,829)
Selling expenses	(28,506)	(28,248)	(26,001)	(24,149)	(25,334)	(27,129)	(26,068)	(21,213)	(20,778)	(19,369)	(16,866)
Administrative expenses	(5,862)	(5,669)	(7,132)	(5,666)	(5,863)	(6,940)	(7,133)	(6,551)	(6,301)	(5,483)	(5,467)
Other operating income and expenses	(3,554)	(2,160)	(1,649)	(2,023)	(4,798)	(1,915)	163	(3,466)	(588)	(618)	(1,367)
Income from investments in joint ventures and associated companies	96	(23)	(81)	(86)	(14)	25	430	61	(557)	27	200
Income from other investments	(30)	(47)	(225)	(58)	(6)	69	93	141	37	830	(3,579)
Operating income	7,138	17,622	26,899	18,000	(17,013)	15,851	22,231	20,399	18,153	14,679	2,504
Interest income and similar credits	381	510	608	442	390	1,171	952	666	654	821	1,096
Interest expenses and similar charges	(2,810)	(2,476)	(2,875)	(3,142)	(3,559)	(1,935)	(1,122)	(585)	(972)	(1,254)	(1,888)
Other financial income and expenses	11	(301)	297	213	(392)	(1,077)	(504)	(181)	181	(1,210)	(55)
Income after financial items	4,721	15,355	24,929	15,514	(20,573)	14,010	21,557	20,299	18,016	13,036	1,657
Income taxes	(919)	(4,097)	(6,814)	(4,302)	5,889	(3,994)	(6,529)	(3,981)	(4,908)	(3,129)	(1,334)
Income for the period	3,802	11,258	18,115	11,212	(14,685)	10,016	15,028	16,318	13,108	9,907	323
Attributable to:											
Equity holders of the Parent Company	3,583	11,039	17,751	10,866	(14,718)	9,942	14,932	16,268	13,054	9,867	298
Minority interest	219	219	364	346	33	74	96	50	54	40	25
	3,802	11,258	18,115	11,212	(14,685)	10,016	15,028	16,318	13,108	9,907	323

Consolidated income statements Industrial Operations

SEK M	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Net sales	265,420	296,031	303,589	257,375	208,487	294,932	276,795	249,020	231,191	202,171	174,768
Cost of sales	(209,307)	(231,216)	(233,097)	(197,480)	(179,578)	(232,247)	(214,160)	(192,400)	(180,823)	(158,453)	(141,256)
Gross income	56,113	64,815	70,492	59,895	28,909	62,685	62,635	56,620	50,368	43,718	33,512
Research and development expenses	(15,124)	(14,794)	(13,276)	(12,970)	(13,193)	(14,348)	(11,059)	(8,354)	(7,557)	(7,614)	(6,829)
Selling expenses	(26,904)	(26,582)	(25,181)	(22,649)	(23,752)	(25,597)	(24,671)	(19,999)	(19,616)	(18,317)	(15,891)
Administrative expenses	(5,824)	(5,639)	(4,753)	(5,640)	(5,838)	(6,921)	(7,092)	(6,481)	(6,147)	(5,310)	(5,259)
Other operating income and expenses	(2,710)	(1,600)	(1,045)	(659)	(2,432)	(1,457)	249	(3,275)	(397)	7	(540)
Income from Volvo Financial Services	-	-	-	-	-	-	-	-	2,033	1,365	926
Income from investments in joint ventures and associated companies	96	(23)	(82)	(86)	(15)	23	428	61	(568)	2	166
Income from other investments	(31)	(46)	(225)	(57)	(13)	69	93	141	37	828	(3,581)
Operating income	5,616	16,130	25,930	17,834	(16,333)	14,454	20,583	18,713	18,153	14,679	2,504

Consolidated balance sheets

SEK M	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Intangible assets	36,588	40,373	39,507	40,714	41,628	43,958	36,508	19,117	20,421	17,612	16,756
Property, plant and equipment	52,233	55,004	54,540	54,242	55,280	57,270	47,210	34,379	35,068	31,151	30,640
Assets under operating leases	25,672	29,022	23,922	19,647	20,388	25,429	22,502	20,501	20,839	19,534	21,201
Shares and participations	6,327	2,890	1,874	2,098	2,044	1,953	2,219	6,890	751	2,003	22,206
Inventories	41,153	40,409	44,599	39,837	37,727	55,045	43,645	34,211	33,937	28,598	26,459
Customer-financing receivables	83,861	80,989	78,699	72,688	81,977	98,489	78,847	64,742	64,466	51,193	46,002
Interest-bearing receivables	1,389	5,635	3,638	2,757	3,044	5,101	4,530	4,116	1,897	3,384	6,632
Other receivables	59,943	55,531	59,877	53,154	50,575	61,560	55,152	42,567	42,881	35,747	32,621
Non-current assets held for sale	8,104	-	9,348	136	1,692	-	-	805	-	-	-
Cash and cash equivalents	29,559	28,889	37,241	32,733	37,910	23,614	31,034	31,099	36,947	34,746	28,735
Assets	344,829	338,742	353,244	318,007	332,265	372,419	321,647	258,427	257,207	223,968	231,252
Shareholders' equity ¹	77,365	86,914	85,681	74,121	67,034	84,640	82,781	87,188	78,760	70,155	72,636
Provision for post-employment benefits	12,322	6,697	6,665	7,510	8,051	11,705	9,774	8,692	11,986	14,703	15,288
Other provisions	19,900	21,787	20,815	18,992	19,485	29,076	27,084	20,970	18,556	14,993	15,048
Interest-bearing liabilities	135,001	131,842	130,479	123,695	156,852	145,727	108,318	66,957	74,885	61,807	74,092
Liabilities associated with assets held for sale	350	-	4,716	135	272	-	-	280	-	-	-
Other liabilities	99,891	91,502	104,888	93,554	80,571	101,271	93,690	74,340	73,020	62,310	54,188
Shareholders' equity and liabilities	344,829	338,742	353,244	318,007	332,265	372,419	321,647	258,427	257,207	223,968	231,252
¹ of which minority interests	1,333	1,266	1,100	1,011	629	630	579	284	260	229	216
Assets pledged	5,078	4,099	1,832	3,339	958	1,380	1,556	1,960	3,255	3,046	3,809
Contingent liabilities	17,290	17,763	17,154	11,003	9,607	9,427	8,153	7,726	7,850	9,189	9,611

Consolidated balance sheets, Industrial Operations

SEK M	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Intangible assets	36,479	40,267	39,385	40,613	41,532	43,909	36,441	19,054	20,348	17,570	16,662
Property, plant and equipment	52,146	54,899	54,446	54,169	55,208	57,185	47,132	30,493	31,330	27,260	27,248
Assets under operating leases	17,013	21,263	16,749	13,217	13,539	16,967	13,850	11,822	10,260	8,477	8,976
Shares and participations	6,321	2,884	1,871	2,080	2,025	1,935	2,189	16,565	10,357	10,116	30,022
Inventories	40,964	40,057	43,828	38,956	35,765	54,084	43,264	33,893	33,583	28,291	25,848
Customer-financing receivables	1,406	1,397	1,702	1,428	1,367	975	1,233	1,193	1,377	230	118
Interest-bearing receivables	2,195	11,011	6,734	11,153	8,010	6,056	13,701	13,214	7,691	12,127	9,413
Other receivables	60,679	54,324	59,062	52,358	49,008	60,586	55,970	43,335	43,992	36,535	33,079
Non-current assets held for sale	8,104	-	9,348	136	1,692	-	-	805	-	-	-
Cash and cash equivalents	28,230	27,146	35,951	31,491	37,404	22,575	30,026	29,907	36,047	34,628	28,102
Assets	253,537	253,248	269,076	245,602	245,550	264,272	243,806	200,281	194,985	175,234	179,468
Shareholders' equity	68,467	78,321	76,682	66,101	58,485	75,046	75,129	87,188	78,760	70,155	72,636
Provision for post-employment benefits	12,249	6,663	6,635	7,478	8,021	11,677	9,746	8,661	11,966	14,677	15,264
Other provisions	17,575	19,653	19,101	17,240	17,456	27,015	25,372	19,385	17,164	14,115	12,792
Interest-bearing liabilities	124,610	54,472	55,394	59,857	78,890	46,749	38,286	9,779	13,097	13,968	24,677
Liabilities associated with assets held for sale	350	-	4,716	135	272	-	-	280	-	-	-
Other liabilities	30,286	94,139	106,548	94,791	82,426	103,785	95,273	74,988	73,998	62,319	54,099
Shareholders' equity and liabilities	253,537	253,248	269,076	245,602	245,550	264,272	243,806	200,281	194,985	175,234	179,468

Consolidated cash-flow statements

SEK bn	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Operating income (loss)	7.1	17.6	26.9	18.0	(17.0)	15.9	22.2	20.4	18.2	14.7	2.5
Depreciation and amortization	17.4	14.7	13.9	13.8	15.2	13.5	12.5	12.4	9.9	10.0	10.2
Other non-cash items	2.4	1.4	1.3	1.6	4.4	(0.2)	(0.5)	0.7	0.4	(0.1)	4.9
Change in working capital	(10.8)	(21.9)	(15.1)	4.8	16.9	(23.3)	(9.9)	(7.7)	(4.7)	(1.4)	0.4
Customer financing receivables, net	-	-	-	-	-	-	-	-	(7.8)	(7.4)	(4.3)
Financial items and income tax	(5.1)	(8.0)	(7.3)	(5.5)	(4.6)	(5.2)	(5.9)	(4.3)	(2.0)	(0.5)	(0.9)
Cash-flow from operating activities	11.0	3.8	19.7	32.7	14.9	0.7	18.4	21.5	14.0	15.3	12.8
Investments in fixed assets	(12.2)	(14.6)	(12.6)	(10.4)	(10.5)	(12.7)	(10.1)	(10.0)	(10.3)	(7.4)	(6.0)
Investments in leasing assets	(8.2)	(10.0)	(7.4)	(4.8)	(4.2)	(5.4)	(4.8)	(4.6)	(4.5)	(4.4)	(5.3)
Disposals of fixed assets and leasing assets	3.4	3.1	3.3	3.1	3.8	2.9	2.9	3.2	2.6	2.4	2.9
Shares and participations, net	0.0	(1.2)	(0.1)	(0.1)	0.0	0.0	0.4	(5.8)	0.3	15.1	(0.1)
Acquired and divested subsidiaries and other business units, net	0.9	3.4	(1.6)	0.6	0.2	(1.3)	(15.0)	0.5	0.7	(0.1)	0.0
Interest-bearing receivables including marketable securities	0.5	3.7	2.6	6.8	(8.9)	10.9	3.6	7.7	(1.3)	(6.4)	(2.0)
Cash-flow after net investments	(4.6)	(11.8)	3.9	27.9	(4.7)	(4.9)	(4.6)	12.5	1.5	14.5	2.3
Change in loans, net	13.0	14.1	8.7	(25.7)	12.6	18.2	28.7	(2.6)	3.6	(8.8)	1.9
Repurchase of own shares	-	-	-	-	0.0	-	-	-	(1.8)	(2.5)	-
Dividend to AB Volvo's shareholders	(6.1)	(6.1)	(5.1)	0.0	(4.1)	(11.1)	(20.3)	(6.8)	(5.1)	(3.4)	(3.4)
Cash payment to minority	(0.2)	0.0	0.0	(0.1)	-	-	-	-	-	-	-
Other	0.1	0.0	0.0	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0	0.1
Change in cash and cash equivalents excluding translation differences	2.2	(3.8)	7.5	2.1	3.7	2.2	3.8	3.1	(1.8)	(0.2)	0.9
Translation differences on cash and cash equivalents	(0.5)	(0.8)	(0.1)	(0.4)	(0.2)	1.0	0.0	(0.5)	1.1	(0.2)	(0.6)
Change in cash and cash equivalents	1.7	(4.6)	7.4	1.7	3.5	3.2	3.8	2.6	(0.7)	(0.4)	0.3

Operating cash-flow Industrial Operations

SEK bn	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Operating income	5.6	16.1	26.0	17.8	(16.3)	14.5	20.6	18.7	16.1	13.3	1.6
Depreciation and amortization	14.5	12.0	11.4	11.4	12.4	11.8	10.3	9.8	7.3	7.1	7.2
Other items not affecting cash	1.5	0.8	0.6	0.1	2.3	(0.7)	(0.4)	0.2	0.2	(0.6)	4.1
Change in working capital	(2.0)	(9.2)	(4.2)	4.6	4.7	(10.9)	(0.1)	(3.1)	(5.6)	(1.4)	0.7
Financial items and income taxes	(4.9)	(7.3)	(6.9)	(5.1)	(4.7)	(5.0)	(6.0)	(3.7)	(1.9)	(0.2)	(0.7)
Cash-flow from operating activities	14.7	12.4	26.9	28.8	(1.6)	9.7	24.4	21.9	16.1	18.2	12.9
Investments in fixed assets	(12.2)	(14.6)	(12.6)	(10.3)	(10.3)	(12.6)	(10.1)	(9.7)	(9.9)	(7.2)	(5.8)
Investments in leasing assets	(1.5)	(3.6)	(1.4)	(0.3)	(0.2)	(0.4)	(0.2)	(0.5)	(0.3)	(0.3)	(0.1)
Disposals of fixed assets and leasing assets	0.5	0.9	1.2	0.8	0.7	0.6	1.1	0.9	0.9	0.7	0.6
Operating cash-flow	1.5	(4.9)	14.1	19.0	(11.4)	(2.7)	15.2	12.6	6.8	11.4	7.6

Exports from Sweden

SEK M	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Volvo Group, total	88,560	84,314	91,065	72,688	41,829	96,571	88,606	80,517	71,133	62,653	49,300

Key ratios

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Gross margin, % ¹	21.1	21.9	23.7	23.3	13.9	21.3	22.6	22.7	21.8	21.6	19.2
Research and development expenses as percentage of net sales ¹	5.7	5.0	4.4	5.0	6.3	4.9	4.0	3.4	3.3	3.8	3.9
Selling expenses as percentage of net sales ¹	10.1	9.0	8.0	8.8	11.4	8.7	8.9	8.0	8.5	9.1	9.1
Administration expenses as percentage of net sales ¹	2.2	1.9	2.3	2.2	2.8	2.3	2.6	2.6	2.7	2.6	3.0
Return on shareholders' equity, %	5.0	12.9	23.1	16.0	(19.7)	12.1	18.1	19.6	17.8	13.9	0.4
Interest coverage, times ¹	2.1	6.7	9.6	5.9	(4.7)	8.8	20.7	26.1	16.7	11.0	1.9
Self-financing ratio, %	84	18	118	270	137	5	153	189	116	163	152
Self-financing ratio Industrial Operations, %	112	72	210	294	(16)	78	265	235	173	268	243
Financial position, Industrial Operations, SEK M	(19,828)	(22,978)	(19,346)	(24,691)	(41,489)	(29,795)	(4,305)	23,076	18,675	18,110	(2,426)
Net financial position as percentage of shareholders' equity ¹	(46.8)	(29.3)	(25.2)	(37.4)	(70.9)	(39.7)	(5.7)	29.2	23.7	25.8	(3.3)
Shareholders' equity as percentage of total assets	22.4	25.7	24.3	23.3	20.2	22.7	25.7	33.7	30.6	31.3	31.4
Shareholders' equity as percentage of total assets, Industrial Operations	27.0	30.9	28.5	26.9	23.8	28.4	30.8	40.6	40.4	40.0	40.5
Shareholders' equity excluding minority interest as percentage of total assets	22.0	25.2	23.9	23.0	20.0	22.6	25.6	33.6	30.5	31.2	31.3

¹ Pertains to the Industrial Operations. For periods up to and including 2006, Volvo Financial Services is included and consolidated according to the equity method.

Volvo share statistics

Data per share

(adjusted for issues and splits)¹

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Basic earnings, SEK ¹	1.77	5.44	8.75	5.36	(7.26)	4.90	7.37	8.03	6.44	4.72	0.14
Cash dividend, SEK	3.00 ¹⁰	3.00	3.00	2.50	0	2.00	5.50	10.00 ⁹	3.35	2.50	1.60
Share price at year-end, SEK (B share)	84.45	88.80	75.30	118.50	61.45	42.90	108.50	90.70	74.90	52.70	43.70
Direct return, % (B share) ²	3.6	3.4	4.0	2.1	-	4.7	5.1	11.0	4.5	4.7	10.5 ⁸
Effective return, % (B share) ³	(2)	22	(34)	97	43	(59)	25.7	39.8	48.5	25.5	71.2
Price/earnings ratio (B share) ⁴	47.7	16.3	8.6	22.1	neg	8.8	14.7	11.3	11.6	11.2	310
EBIT multiple ⁵	19.6	9.0	5.1	12.0	neg	3.6	9.7	10.3	9.3	9.2	14
Payout ratio, % ⁶	169	55	34	47	-	41	75	62	52	53	1,143
Shareholders' equity, SEK ⁷	38	43	42	36	33	41	41	43	38.80	34	34.60
Return on shareholders' equity	5.0	12.9	23.1	16.0	neg	12.1	18.1	19.6	17.8	13.9	0.4

1 Basic earnings per share is calculated as income for the period divided by average number of shares outstanding. Reporting according to IFRS from 2004.

2 Proposed dividend in SEK per share divided by share price at year-end.

3 Share price at year-end, including proposed dividend during the year, divided by share price at beginning of the year, (2000 includes premium in connection with repurchase, 2003 includes distribution of shares in Ainax, 2006 includes a share split 6:1 in which the sixth share was redeemed by AB Volvo for an amount of SEK 5.00 per share).

4 Share price at year-end divided by basic earnings per share.

5 Market value at year-end minus net financial position and minority interests divided by operating income excluding restructuring costs and revaluation of shares.

6 Cash dividend divided by basic earnings per share.

7 Shareholders' equity for shareholders in AB Volvo divided by number of shares outstanding at year-end.

8 Including distribution of shares in Ainax equal to SEK 3.01 (share-split adjusted) per Volvo share in 2004.

9 Including extra payment of SEK 5 through redemption of shares.

10 Proposed by the Board of Directors.

Other share data

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Number of shareholders at year-end	246,265	242,482	251,715	240,043	233,311	220,192	197,519	183,735	195,442	202,300	208,500
Number of Series A shares outstanding at year-end, million	499	526	643	657	657	657	657	131.4	131.4	131.5	131.7
Number of Series B shares outstanding at year-end, million	1,530	1,502	1,385	1,371	1,371	1,371	1,369	273.4	273.1	278.6	287.8
Average number of shares outstanding, million	2,028	2,028	2,027	2,027	2,027	2,027	2,025	404.7	405.2	418.5	419.4
Number of Series A shares traded in Stockholm during the year, million	53.0	45.4	130.5	203.2	147.0	308.0	172.3	56.4	39.3	42.0	31.4
Number of Series B shares traded in Stockholm during the year, million	1,878.5	2,081.2	2,944.1	2,272.4	2,713.9	3,130.0	2,712.4	617.0	518.7	498.0	404.8
Number of shares traded in ADR, NASDAQ during the year, million	-	-	-	-	-	-	113.5	14.1	19.8	24.0	10.4

The largest shareholders in AB Volvo, December 31, 2013¹

	Number of shares	% of total votes	Share capital, %
Industrivärden	132,766,449	20.2	6.5
Cevian Capital	98,502,263	11.0	4.9
Norges Bank Investment Management	128,345,193	6.3	6.3
SHB ²	40,468,049	5.8	2.0
Alecta (pension funds)	78,885,000	4.4	3.9
AMF Insurance & Funds	65,450,366	4.4	3.2
AFA Insurance	24,810,466	3.7	1.2
AP4 Fund	23,350,966	1.9	1.2
Swedbank Robur Funds	93,989,054	1.8	4.6
Skandia Liv	15,831,160	1.8	0.8
Total	702,398,966	61.2	34.6

Distribution of shares, December 31, 2013¹

	Number of shareholders	% of total votes ¹	Share of capital, % ¹
1-1,000 shares	184,533	2.8	2.8
1,001-10,000 shares	56,254	7.7	6.4
10,001-100,000 shares	4,748	5.5	3.8
100,001+	730	84.0	87.0
Total	246,265	100.0	100.0

1 Based on all registered shares.

AB Volvo held 4.7% of the Company's shares on December 31, 2013.

1 Based on the number of outstanding shares.

2 Comprises shares held by SHB, SHB Pension Fund, SHB Employee Fund, SHB Pensionskassa and Oktogonen.

Business area statistics

Net sales¹

SEK M		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Trucks	Europe	73,640	76,365	83,451	69,606	65,874	109,914	108,651	93,282	79,706	77,431	70,101
	North America	40,314	42,650	37,042	26,901	21,563	26,588	27,255	50,605	46,129	35,154	28,151
	South America	23,318	21,172	26,847	21,680	12,490	14,680	11,483	9,213	7,657	5,223	3,464
	Asia	26,740	36,531	37,840	35,231	26,943	37,515	26,593	8,975	13,551	12,378	9,206
	Other markets	14,462	15,565	13,741	13,887	12,069	14,538	13,910	9,190	8,353	6,693	6,047
	Total	178,474	192,283	198,920	167,305	138,940	203,235	187,892	171,265	155,396	136,879	116,969
Buses	Europe	5,429	6,200	6,631	6,242	7,707	7,321	7,767	7,924	7,142	6,948	6,534
	North America	5,929	6,675	7,532	7,200	5,673	5,355	4,630	4,910	4,247	2,960	2,984
	South America	1,836	2,794	2,715	1,737	1,235	1,571	1,623	1,537	2,641	521	329
	Asia	2,055	2,853	2,953	3,299	2,749	2,094	1,802	2,003	1,612	1,632	1,447
	Other markets	1,457	1,774	1,992	2,038	1,101	971	786	897	947	661	684
	Total	16,707	20,295	21,823	20,516	18,465	17,312	16,608	17,271	16,589	12,722	11,978
Construction Equipment	Europe	16,356	16,518	17,765	16,138	12,987	25,192	25,294	20,326	15,524	13,453	12,348
	North America	8,319	12,027	7,829	6,267	5,475	10,159	11,170	11,280	10,337	8,601	5,428
	South America	3,314	3,788	4,163	4,130	2,578	2,913	2,155	1,358	1,238	922	636
	Asia	21,911	27,033	29,999	24,352	12,957	13,738	12,179	6,903	5,717	4,961	3,707
	Other markets	3,539	4,192	3,745	2,923	1,661	4,077	2,835	2,264	2,000	1,423	1,035
	Total	53,437	63,558	63,500	53,810	35,658	56,079	53,633	42,131	34,816	29,360	23,154
Volvo Penta	Europe	3,714	3,620	4,274	4,507	4,390	6,554	6,798	6,111	5,102	4,907	4,189
	North America	1,491	1,486	1,379	1,500	1,100	1,947	2,674	2,815	2,832	2,500	2,109
	South America	297	306	335	335	284	364	274	221	208	142	146
	Asia	1,692	1,867	2,130	2,008	2,054	2,082	1,624	1,359	1,427	1,324	947
	Other markets	356	352	341	366	331	486	349	268	207	184	205
	Total	7,550	7,631	8,458	8,716	8,159	11,433	11,719	10,774	9,776	9,057	7,596
Volvo Aero	Europe	-	2,404	2,893	3,768	3,942	3,497	3,462	3,798	3,406	3,179	4,000
	North America	-	2,657	3,300	3,599	3,508	3,534	3,723	3,815	3,612	3,127	3,301
	South America	-	0	7	27	34	58	127	173	168	138	152
	Asia	-	109	104	233	205	234	234	356	284	400	428
	Other markets	-	49	52	81	114	125	100	91	68	81	149
	Total	-	5,219	6,356	7,708	7,803	7,448	7,646	8,233	7,538	6,925	8,030
	Other and eliminations	9,252	7,044	4,532	(680)	(538)	(575)	(703)	(654)	7,076	7,228	7,041
	Net sales Industrial Operations	265,420	296,031	303,589	257,375	208,487	294,932	276,795	249,020	231,191	202,171	174,768
Customer Finance	Europe	4,686	4,703	4,663	4,733	7,127	7,099	4,484	4,388	4,797	6,613	6,078
	North America	2,900	2,833	2,326	2,605	3,004	369	2,467	2,569	2,036	2,432	2,542
	South America	1,009	1,195	1,131	1,156	1,070	791	620	608	570	396	358
	Asia	707	795	571	435	435	158	87	45	101	90	65
	Other markets	237	257	192	101	75	68	47	38	45	67	110
	Total	9,539	9,783	8,883	9,031	11,711	8,485	7,705	7,648	7,549	9,598	9,153
	Eliminations	(2,336)	(2,167)	(2,104)	(1,658)	(1,836)	250	905	2,167	1,819	(693)	(630)
	Volvo Group total	272,622	303,647	310,367	264,749	218,361	303,667	285,405	258,835	240,559	211,076	183,291

1 As of January 1, 2007, the results from the synergies created in the business units are transferred back to the various business areas.
Comparison figures for 2006 have been restated.

Volvo Aero was divested in October 1, 2012.

Operating income

SEK M	2013 ⁵	2012 ⁴	2011	2010	2009	2008	2007	2006 ¹	2005	2004 ²	2003 ³
Trucks	6,145	10,216	18,227	10,112	(10,805)	12,167	15,193	13,116	11,717	8,992	3,951
Buses	(190)	51	1,114	780	(350)	(76)	231	745	470	158	(790)
Construction Equipment	2,592	5,773	6,812	6,180	(4,005)	1,808	4,218	4,072	2,752	1,898	908
Volvo Penta	626	541	825	578	(230)	928	1,173	1,105	943	940	695
Volvo Aero	–	767	360	286	50	359	529	359	836	403	(44)
Customer Finance	1,522	1,492	969	167	(680)	1,397	1,649	1,686	2,033	1,365	926
Other	(3,557)	(1,217)	(1,408)	(102)	(994)	(731)	(762)	(684)	(598)	923	(3,142)
Operating income (loss)											
Volvo Group	7,138	17,622	26,899	18,000	(17,013)	15,851	22,231	20,399	18,153	14,679	2,504

As of January 1, 2007, the benefits from the synergies created in the business units are transferred back to the various business areas. Comparison figures for 2006 have been restated.

1 Operating income in 2006 includes adjustment of goodwill of neg 1,712, reported in Trucks.

2 Operating income in 2004 included reversal of write-down of shares in Scania AB of 915, reported in Other, and write-down of shares in Henlys Group Plc of 95, reported in Buses.

3 Operating income in 2003 included write-down of shares in Scania AB and Henlys Group Plc amounting to 4,030, of which 429 was reported in Buses (Henlys Group) and 3,601 was reported in Other (Scania AB).

4 Volvo Aero was divested October 1, 2012.

5 Operating income in 2013 includes a revaluation of neg 1,500 related to Volvo Rents, reported in Other.

Operating margin

%	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Trucks	3.4	5.3	9.2	6.0	(7.8)	6.0	8.1	7.7	7.5	6.6	3.4
Buses	(1.1)	0.3	5.1	3.8	(1.9)	(0.4)	1.4	4.3	2.8	1.2	(6.6)
Construction Equipment	4.9	9.1	10.7	11.5	(11.2)	3.2	7.9	9.7	7.9	6.5	3.9
Volvo Penta	8.3	7.1	9.8	6.6	(2.8)	8.1	10.0	10.3	9.6	10.4	9.1
Volvo Aero	–	14.7	5.7	3.7	0.6	4.8	6.9	4.4	11.1	5.8	(0.5)
Volvo Group Industrial Operations	2.1	5.4	8.5	6.9	(7.8)	5.2	7.8	7.9	7.9	7.3	1.4
Customer Finance	16.0	15.3	10.9	1.8	(5.8)	16.5	21.4	22.0	26.9	14.2	10.1
Volvo Group	2.6	5.8	8.7	6.8	(7.8)	5.2	7.8	7.9	7.5	7.0	1.4

Number of employees at year-end

Number ^{1,2,3}	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Trucks	58,542	61,256	62,315	57,796	56,505	64,280	64,390	49,900	50,240	49,450	46,900
Buses	6,648	7,514	8,529	8,685	9,541	8,930	9,290	7,760	7,710	7,700	6,680
Construction Equipment	14,663	14,788	18,422	16,648	16,126	19,810	19,710	11,050	10,290	9,930	9,280
Volvo Penta	1,412	1,361	2,549	2,353	2,928	2,940	3,000	1,650	1,560	1,580	1,440
Volvo Aero	–	–	3,179	3,120	3,278	3,510	3,550	3,510	3,460	3,350	3,440
Financial Services	1,355	1,362	1,323	1,235	1,234	1,290	1,150	1,010	1,070	1,100	1,060
Other	12,913	12,436	1,845	572	596	620	610	8,310	7,530	7,970	6,940
Volvo Group, total	95,533	98,717	98,162	90,409	90,208	101,380	101,700	83,190	81,860	81,080	75,740

1 As of 2007, employees in business units are allocated to the business areas.

2 As of 2009 regular employees are shown, previously temporary employees were also included.

3 As of 2012, employees in business units are not allocated to the business areas.

Environmental performance of Volvo production plants, Industrial operations

Absolute values related to net sales	2013	2012 ¹	2011	2010
Energy consumption (GWh; MWh/SEK M)	2,536; 9.6	2,518; 8.6	2,471; 8.1	2,315; 9.0
CO ₂ emissions (1,000 tons; tons/SEK M)	280; 1.1	235; 0.8	255; 0.8	279; 1.1
Water consumption (1,000 m ³ ; m ³ /SEK M)	5,815; 21.9	7,372; 25.2	7,970; 26.2	7,519; 29.2
NO _x emissions (tons; kilos/SEK M)	347; 1.3	413; 1.4	474; 1.6	719; 2.8
Solvent emissions (tons; kilos/SEK M)	2,221; 8.4	2,358; 8.1	2,554; 8.4	2,294; 8.9
Sulphur dioxide emissions (tons; kilos/SEK M)	23.4; 0.1	26; 0.1	34; 0.1	33; 0.1
Hazardous waste (tons; kg/SEK M)	28,395; 107.0	32,547; 111.4	25,943; 85.5	22,730; 88
Net sales, SEK bn	265.4	292.2	303.6	257.4

1 Restated according to new accounting rules.

2 Excluding UD Trucks and Ingersoll Rand Road Development.

Employees

Number ¹	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Sweden	22,588	23,052	24,663	23,073	22,763	28,190	28,660	27,830	27,070	28,530	26,380
Europe, excluding Sweden	29,746	30,382	30,458	29,239	29,793	32,940	32,780	30,070	29,650	28,930	29,120
North America	16,397	16,569	15,427	12,844	12,640	14,200	15,750	14,820	15,140	14,620	12,270
South America	6,275	5,977	5,234	4,322	4,257	4,380	4,640	3,890	3,690	3,110	2,640
Asia	17,953	20,222	19,924	18,535	18,416	19,090	17,150	4,420	4,210	4,130	3,710
Other markets	2,574	2,515	2,456	2,396	2,339	2,580	2,720	2,160	2,100	1,760	1,620
Volvo Group total	95,533	98,717	98,162	90,409	90,208	101,380	101,700	83,190	81,860	81,080	75,740

¹ As of 2009 regular employees are shown, previously temporary employees were also included.

Delivered units

Number	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Heavy-duty trucks (>16 tons)	170,307	172,798	179,779	123,522	82,675	179,962	172,322	179,089	172,242	152,300	120,920
Medium-duty trucks (7–15.9 tons)	16,779	32,935	34,631	30,657	21,653	30,817	27,933	14,695	18,643	18,800	15,870
Light trucks (<7 tons)	13,188	18,284	23,982	25,811	23,354	40,372	36,101	26,147	23,494	22,120	19,200
Total trucks	200,274	224,017	238,391	179,989	127,681	251,151	236,356	219,931	214,379	193,220	155,990

Number		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Trucks	Total Europe	82,088	84,355	95,113	65,503	49,145	121,847	128,070	114,417	103,622	102,670	92,080
	Western Europe	64,275	63,730	75,728	56,215	43,919	95,969	100,106	97,074	91,087	90,750	82,670
	Eastern Europe	17,813	20,625	19,385	9,288	5,226	25,878	27,964	17,343	12,535	11,920	9,410
	North America	44,755	47,806	42,613	24,282	17,574	30,146	33,280	70,499	64,974	49,270	34,760
	South America	29,137	23,443	29,274	21,483	12,587	18,092	15,264	11,646	11,248	9,190	5,980
	Asia	28,692	51,514	56,165	53,833	34,800	60,725	39,916	12,817	25,706	24,880	16,290
	Other markets	15,602	16,899	15,226	14,888	13,575	20,341	19,826	10,552	8,829	7,210	6,880
	Total	200,274	224,017	238,391	179,989	127,681	251,151	236,356	219,931	214,379	193,220	155,990
Buses	Total Europe	2,146	2,491	2,695	2,395	3,164	3,313	3,748	3,570	3,723	3,417	3,087
	Western Europe	2,073	2,427	2,601	2,336	2,896	3,140	3,377	3,081	3,385	3,073	2,782
	Eastern Europe	73	64	94	59	268	173	371	489	338	344	305
	North America	1,752	1,826	3,014	2,092	1,539	1,884	1,547	1,741	1,546	1,388	1,553
	South America	2,434	2,560	2,620	1,174	690	995	1,318	1,236	2,297	624	369
	Asia	1,822	2,945	3,417	3,477	3,839	3,033	2,757	3,349	2,554	2,341	2,227
	Other markets	756	856	1,040	1,091	625	712	546	464	555	462	581
	Total	8,910	10,678	12,786	10,229	9,857	9,937	9,916	10,360	10,675	8,232	7,817

2009	2008	2007 ²	2006	2005	2004	2003
1,888; 9.1	2,530; 8.6	2,426; 9.6	2,612; 10.5	2,683; 11.6	2,695; 13.3	2,607; 14.9
213; 1.0	291; 1.0	242; 1.0	282; 11.4	292; 1.3	293; 1.5	298; 1.7
6,637; 31.8	8,205; 27.8	7,067; 27.9	7,596; 30.6	7,419; 32.1	8,495; 42.2	8,687; 49.1
322; 1.5	800; 2.7	542; 2.1	606; 2.4	672; 2.9	645; 3.2	570; 3.3
1,435; 6.9	1,945; 6.6	1,979; 7.8	2,048; 8.3	1,960; 8.5	2,085; 10.3	1,965; 11.2
38; 0.2	64; 0.2	58; 0.2	69; 0.3	209; 0.9	184; 0.9	200; 1.1
17,558; 84	27,675; 94	27,120; 107	26,987; 108.8	23,590; 102	24,675; 122.1	21,613; 124
208.5	294.9	253.2	248.1	231.2	202.1	174.8

Our material issues

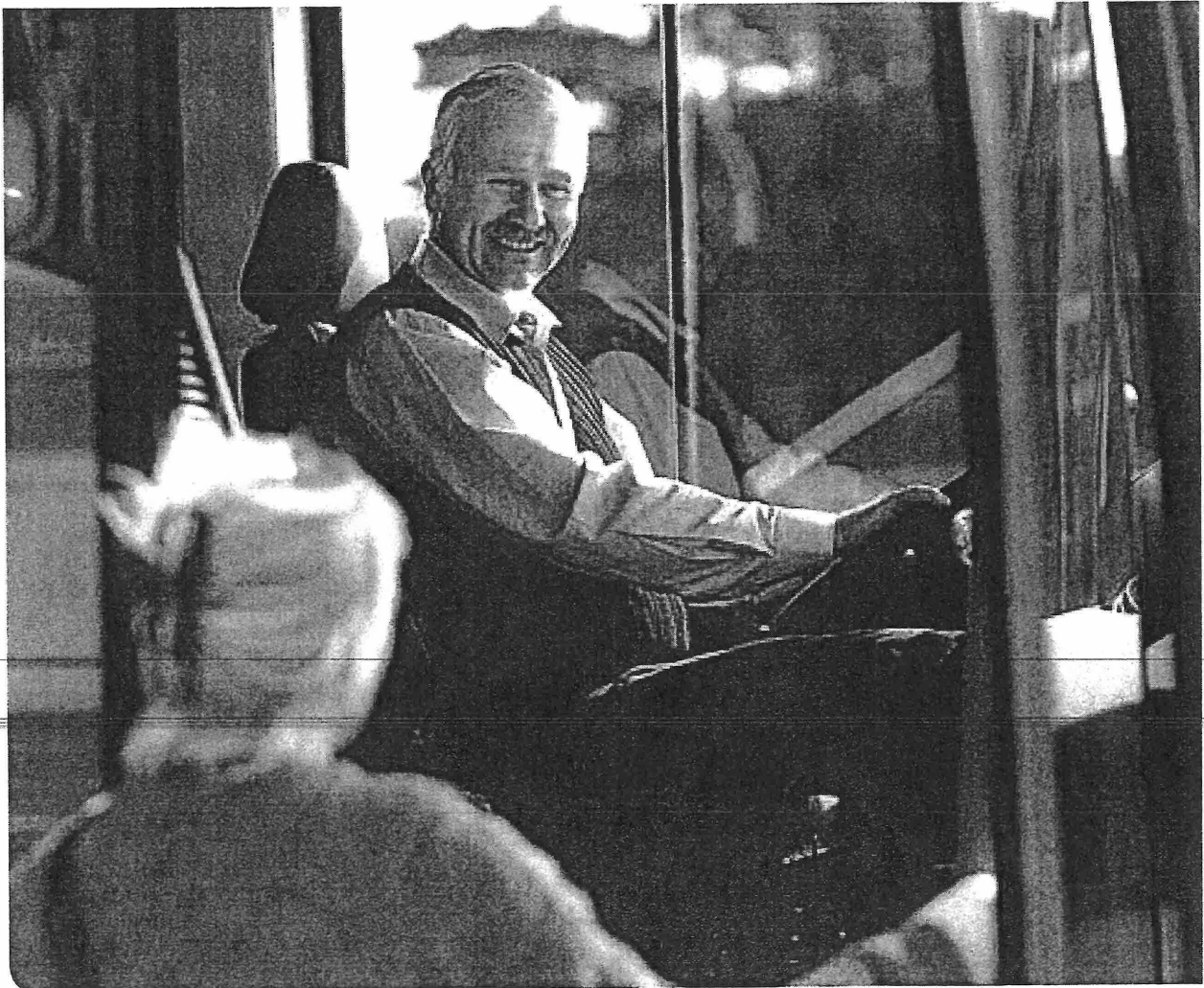
During 2013, we strengthened our approach to CSR and sustainability by conducting a wider and more formal analysis of the Volvo Group's material issues. This has enabled us to rank the issues that the Volvo Group and external stakeholders consider of highest importance, with customer satisfaction, energy-efficient products, and product safety as key priorities.

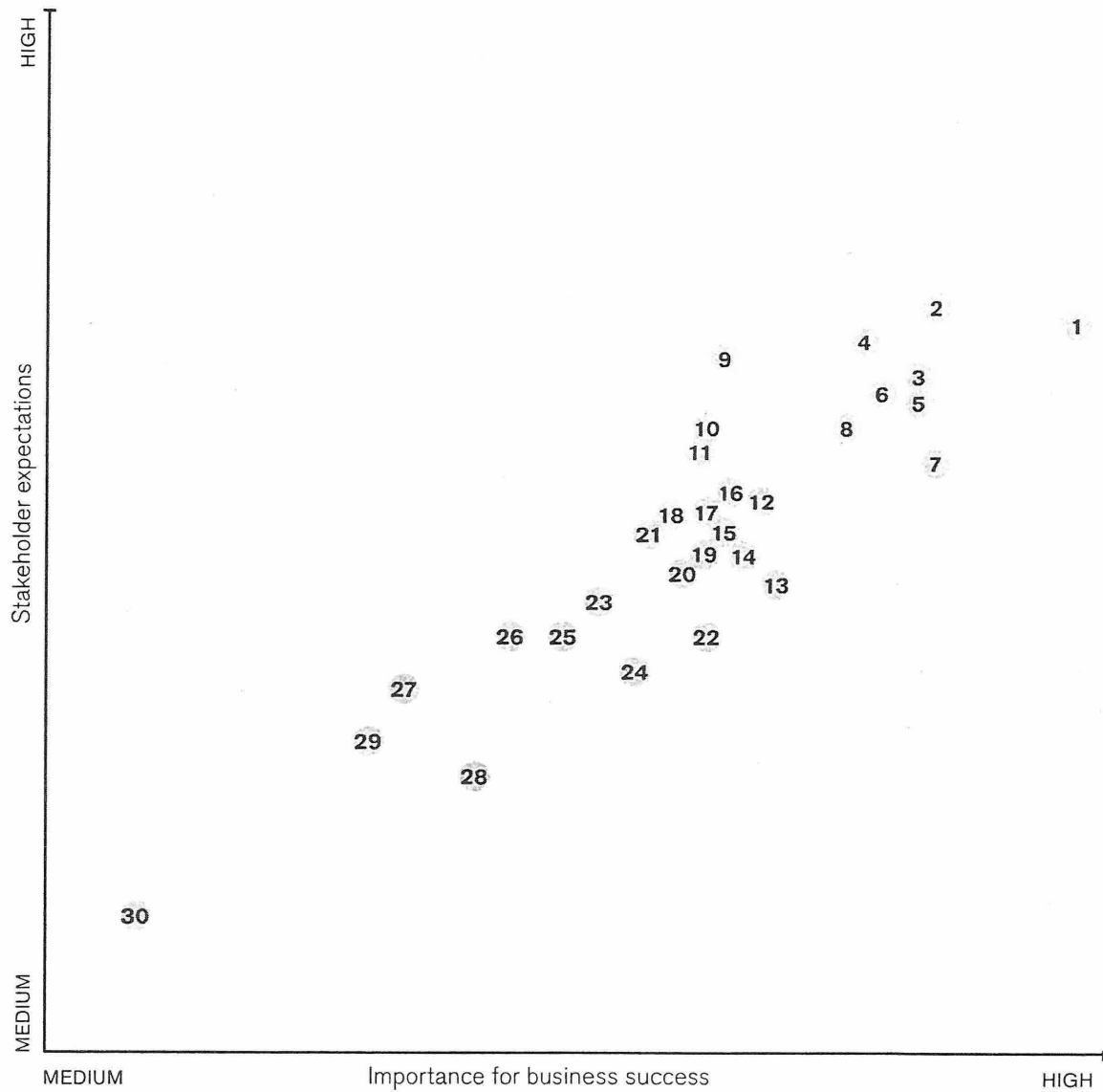
Our materiality approach

As a first step, we completed the process internally this year. Colleagues from the Group's CSR committee, business intelligence, business strategy and management teams assessed and ranked a long list of issues relevant to the Volvo Group's business success. Employees with close contact and detailed knowledge of eight stakeholder groups completed the assessment from the point of view of customers, employees, potential employees, suppliers, capital market, decision makers, universities and NGOs.

Conclusions

We regard the resulting matrix as a useful tool to guide and inform our CSR and sustainability strategies, actions and communications. We know not all issues will be relevant for all stakeholders, and that priorities will vary by region – such as human rights in emerging markets. We will continue to evaluate issues, and their rankings, as we expand the stakeholder input in our materiality process.





1 Customer satisfaction	11 Production related environmental issues	21 Climate change
2 Energy-efficient products	12 Volvo Group values and culture	22 Mobility in urban areas
3 Product safety	13 Availability of skilled workforce	23 Diversity and equal opportunity
4 Business ethics	14 Transport system efficiency	24 Corporate governance
5 Research and innovation	15 Employee training and development	25 Local economic growth
6 Alternative fuels and drivelines	16 Traffic safety	26 Product end-of-life management
7 Financial performance	17 Responsible sourcing	27 Local community engagement
8 Transition to sustainable transport solutions	18 Occupational health and safety	28 Goods security
9 Environmental impact of product in use	19 Emerging markets products	29 Water consumption
10 Human rights	20 Stakeholder dialogue	30 Donations and charity

DEFINITIONS

Basic earnings per share

Income for the period attributable to shareholders of the Parent Company divided by the weighted average number of shares outstanding during the period.

Capital expenditures

Capital expenditures include investments in property, plant and equipment, intangible assets and assets under operating leases. Investments in fixed assets included in the Group's cash-flow statement include only capital expenditures that have reduced the Group's liquid funds during the year.

Cash-flow

Combined changes in the Group's liquid funds during the fiscal year. Changes in liquid funds are specified with reference to changes in operations, operating activities, changes depending on investments in equipment, fixed assets etc. and financing activities such as changes in loans and investments.

Diluted earnings per share

Diluted earnings per share is calculated as income for the period attributable to the Parent Company's shareholders divided by the average number of shares outstanding plus the average number of shares that would be issued as an effect of ongoing share-based incentive programs and employee stock option programs.

EBITDA

EBITDA is the operating income before depreciation and amortization of tangible and intangible assets. This key figure is calculated by adding back depreciation and amortization on the operating income of the Industrial operations.

Equity ratio

Shareholders' equity divided by total assets.

Financial targets

Information on how the comparison with competitors is made is available under the heading Investors on www.volvogroup.com.

Interest coverage

Operating income plus interest income and similar credits divided by interest expense and similar charges.

Joint ventures

Companies over which the Company has joint control together with one or more external parties.

Net financial position

Cash and cash equivalents, marketable securities and interest-bearing short- and long-term receivables reduced by short- and long-term interest-bearing liabilities and provisions for post-employment benefits.

Operating margin

Operating income divided by net sales.

Penetration rate

Share of unit sales financed by Volvo Financial Services in relation to total number units sold by the Volvo Group in markets where financial services are offered.

Return on shareholders' equity

Income for the period divided by average shareholders' equity.

Self-financing ratio

Cash-flow from operating activities (see Cash-flow statement) divided by net investments in fixed assets and leasing assets as defined in the cash-flow statement.

ANNUAL GENERAL MEETING, APRIL 2, 2014

The Annual General Meeting of AB Volvo will be held in Göteborg in Lisebergshallen (entrance from Örgrytevägen) Wednesday, April 2, 2014, at 3:00 p.m. Doors to meeting hall open at 1.30 p.m.

Notice

Those who wish to participate must be recorded as shareholders in the share register maintained by Euroclear Sweden AB on March 27, 2014 and give notice of intention to attend the meeting, beginning March 4 and not later than March 27, 2014:

- by telephone, +46 8 402 90 76, notice of intention to attend the meeting could be given by telephone no later than 4.00 p.m. on March 27, 2014
- by mail addressed to AB Volvo (publ), "AGM", P.O. Box 7841, SE-103 98 Stockholm, Sweden
- on AB Volvo's website www.volvogroup.com

When giving notice, shareholders should state their:

- name
- personal registration number (corporate registration number)
- address and telephone number
- name and personal number (registration number) of the proxy, if any
- number of any accompanying assistant(s)

Shareholders who have trustee-registered shares should, in good time prior to March 27, 2014, request owner-registration, which could be temporary, at the bank or broker holding the shares.

VOLVO'S ELECTION COMMITTEE

The following persons are members of Volvo's Election Committee:

Carl-Olof By	Chairman of the Election Committee, AB Industrivärden
Lars Förberg	Cevian Capital
Yngve Slyngstad	Norges Bank Investment Management
Håkan Sandberg	Svenska Handelsbanken, SHB Pension Fund, SHB Pensionskassa, SHB Employee Fund and Oktogonen
Carl-Henric Svanberg	Chairman of the AB Volvo Board

Among other duties, the Election Committee is responsible for submitting to the Annual General Meeting proposals for candidates to serve as members of the Board of Directors and Chairman of the Board and proposal for auditors if applicable. The Committee also proposes the amount of the fees to be paid to the holders of these positions.

PRELIMINARY PUBLICATION DATES

Report for the first three months 2014	April 25, 2014
Report for the first six months 2014	July 18, 2014
Report for the first nine months 2014	October 24, 2014
Report on 2014 operations	February, 2015
Annual Report 2014	March, 2015

The reports are available on www.volvogroup.com on date of publication and are also sent electronically to shareholders who have advised Volvo that they wish to receive financial information.

Historical and current time series reflecting the Volvo Group's market information and share data are published regularly on www.volvogroup.com.

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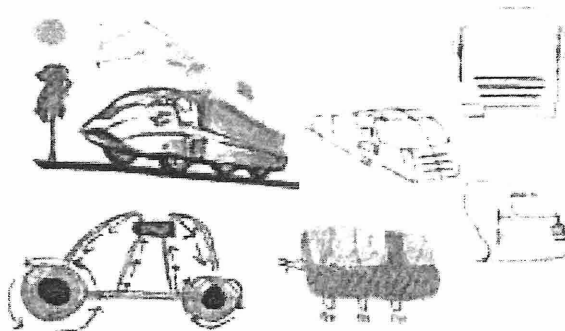
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www.volvogroup.com

SHAPING ANOTHER FUTURE

The future is full of challenges. That is why creating new solutions and innovations is an important part of our work at Volvo Group. So, we decided to ask a group of children, the engineers of tomorrow, to help us, and they came up with some great ideas! Then we invited technology students to take the ideas further and transform the ideas into designs. Find out more at techworld.volvogroup.com



VOLVO

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EXHIBIT 65

ANNUAL REPORT

2013

EXTENSIVE
PRODUCT
RENEWAL



VOLVO

A GLOBAL GROUP

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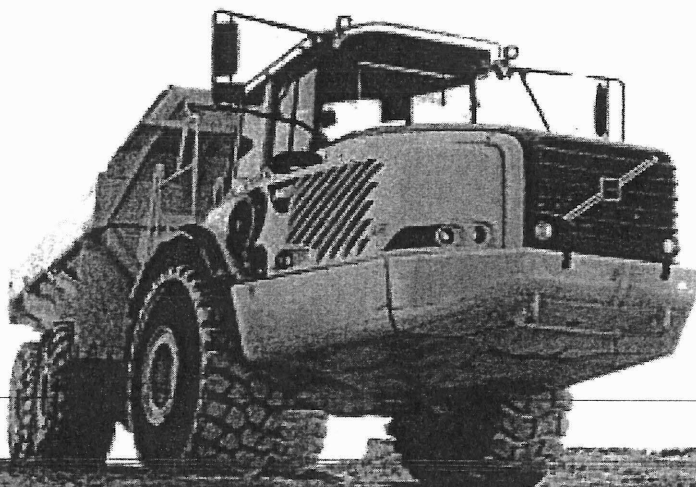
TOGETHER

WE MOVE the WORLD

Without the type of products and services the Volvo Group provides, the societies where many of us live would not function. Like a circulatory system, our trucks, buses, engines, construction equipment and financial services are involved in many of the functions that most of us rely on every day.

For instance, according to our calculations, one in seven meals eaten in Europe reaches the consumers thanks to trucks from the Volvo Group rolling on the roads of the continent. Buses are the most common type of public transportation in the world, helping many people to reach work, school, vacations, friends and family. If all the Volvo buses in the world were to start at the same time, they would transport more than 10 million people. Our construction machines are used when building roads, houses, hospitals, airports, railroads, factories, offices, shopping centers and recreational facilities.

These are just a few examples. In this Annual Report, you can learn more about the Volvo Group – Together we move the world.



This report contains 'forward-looking statements'. Such statements reflect management's current expectations with respect to certain future events and potential financial performance. Although the Company believes that the expectations reflected in such forward looking statements are reasonable, no assurance can be given that such expectations will prove correct. Such statements are subject to risk and uncertainties and such future events and financial performance could differ materially from those set out in the forward looking statements as a result of, among other factors, (i) changes in economic, market and competitive conditions, (ii) success of business and operating initiatives, (iii) changes in the regulatory environment and other government actions, (iv) fluctuations in exchange rates and (v) business risk management.

This report does not imply that the company has undertaken to revise these forward-looking statements, beyond what is required under the company's registration contract with NASDAQ OMX Stockholm if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

The Volvo Group's formal financial reports are presented on pages 68–89 and 107–179 in the printed version and has been audited by the company's auditors.

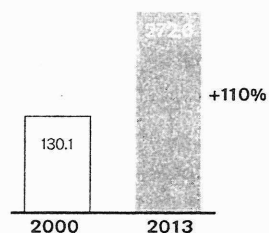
VOLVO GROUP

COMPLETE PARTNER



The Volvo Group is one of the world's leading manufacturers of trucks, buses, construction equipment and marine and industrial engines. The Group also provides complete solutions for financing and service. The Volvo Group, which employs about 110,000 people, has production facilities in 18 countries and sells its products in more than 190 markets. In 2013 the Volvo Group's sales amounted to about SEK 273 billion. AB Volvo's shares are listed on NASDAQ OMX Stockholm.

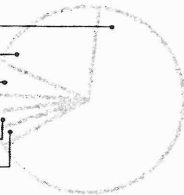
Volvo Group net sales
2000-2013, SEK bn



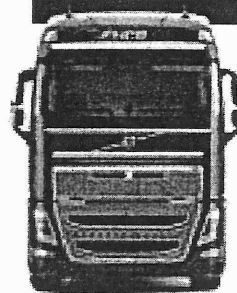


Share of net sales

Trucks, 65%
Construction Equipment, 20%
Buses, 6%
Volvo Penta, 3%
Customer Finance, 3%
Other, 3%

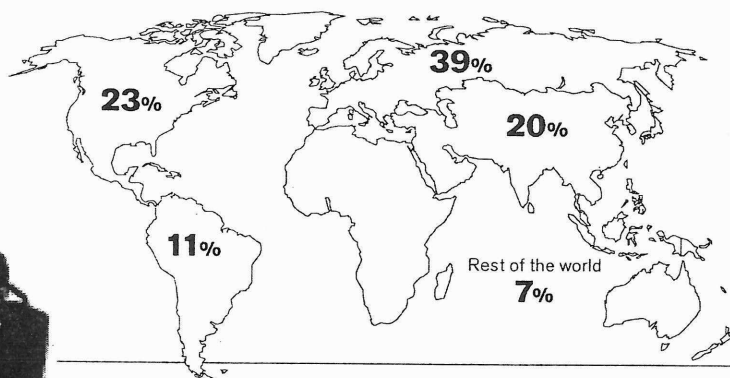


STRONG POSITIONS



- One of the world's largest manufacturers of trucks, buses and construction equipment.
- A leading independent supplier of marine and industrial engines.
- One of the world's largest manufacturers of heavy-duty diesel engines.
- Global market presence.

Share of net sales by market 2013

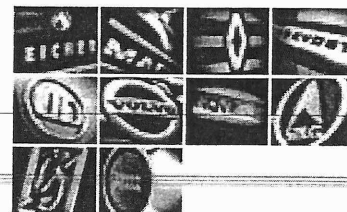


GLOBAL STRENGTH

Since the streamlining towards commercial vehicles was initiated more than ten years ago, the Volvo Group has significantly strengthened its positions outside the traditionally big markets of Western Europe and North America. Positions have been moved forward by acquisitions in primarily Asia and expansion of the distribution and service networks in for instance Eastern Europe and South America. In the year 2000, markets outside of Western Europe and North America accounted for 16% of Group sales. In 2013 that share had grown to 45%.

STRONG BRANDS

By selling products under different brands, the Group can address many different customer and market segments in mature as well as growth markets.

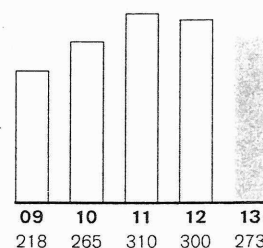


THE VOLVO GROUP 2013

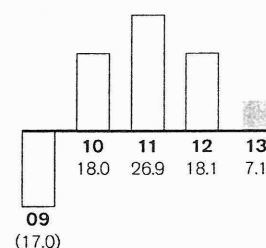
A year of product renewal

- » Net sales declined by 9% to **SEK 272.6 billion** (299.8).
- » Operating income excluding restructuring charges amounted to **SEK 7.9 billion** (19.6).
- » Operating margin excluding restructuring charges amounted to **2.9%** (6.5).
- » Net debt in the Industrial Operations amounted to **29.0%** of shareholders' equity.
- » Proposed dividend of **SEK 3.00** per share (3.00).
- » The **most extensive product renewal** in the Group's history.
- » Group-wide **efficiency program** launched.

Net sales, SEK bn



Operating income, SEK bn



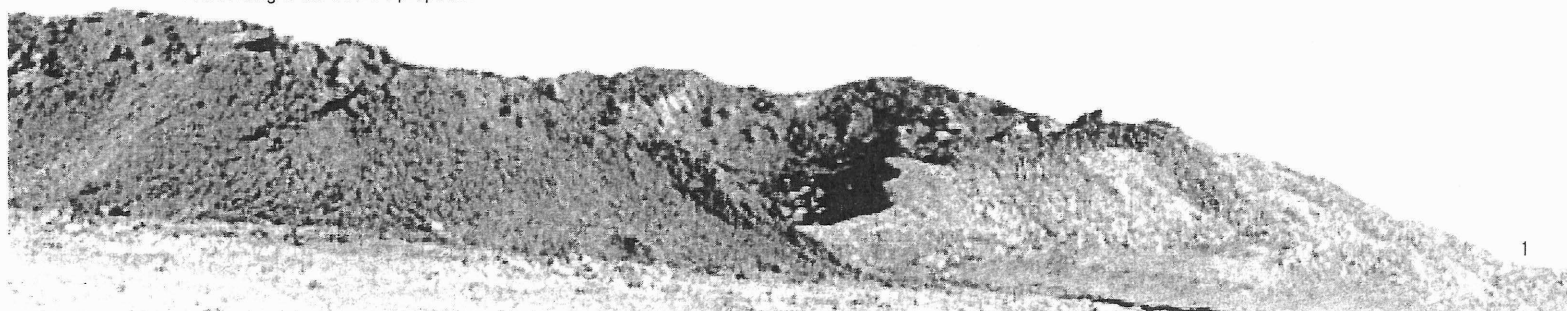
Key ratios	2013	2012 ¹
Net sales, SEK M	272,622	299,814
Operating income excl. restructuring charges, SEK M	7,854	19,619
Operating margin excl. restructuring charges, %	2.9	6.5
Restructuring charges, SEK M	(715) ²	(1,550) ^{2,3}
Operating income, SEK M	7,138	18,069
Operating margin, %	2.6	6.0
Income after financial items, SEK M	4,721	15,495
Income for the period, SEK M	3,802	11,378
Diluted earnings per share, SEK	1.76	5.61
Dividend per share, SEK	3.00 ⁴	3.00
Operating cash flow, Industrial Operations, SEK bn	1.5	(4.9)
Return on shareholders' equity, %	5.0	14.7
Number of permanent employees	95,533	96,137
Share of women, %	17	17
Share of women, Presidents and other senior executives, %	19	20
Employee Engagement Index, %	76	76
Energy consumption, MWh/SEK M	9.6	8.6
CO ₂ emissions, tons/SEK M	1.1	0.8
Water consumption, m ³ /SEK M	21.9	25.2
Share of direct material purchasing spend from CSR-assessed suppliers, %	72	66

1 Comparative figures for 2012 are restated in accordance with new accounting principles. Read more in Note 31, Changes in the Volvo Group's Financial Reporting 2013.

2 Restructuring charges included in the efficiency program.

3 Other restructuring charges for comparison reasons.

4 According to the Board's proposal.



CEO COMMENT

A year of product renewal and the start of efficiency measures

The year 2013 was characterized by a very high activity level in the Volvo Group, with the largest product renewal in our history, the launch of a Group-wide efficiency program and measures to increase the focus on our core business.

The extensive product renewal that started with the launch of the new Volvo FH in the autumn of 2012 culminated in 2013. On the truck side we launched a completely new Volvo range in Europe, an all-new range of Renault Trucks, Euro 6 engines that significantly reduce emission levels, the heavy-duty UD Quester range for Asia and other growth markets and at the end of the year the Eicher Pro Series for India and other emerging markets. Volvo Construction Equipment and Volvo Penta launched engines that comply with the latest emission standards. Volvo Buses launched buses with Euro 6 engines, an updated coach program and an articulated hybrid bus.

Product renewal put pressure on earnings

During 2013, the product renewal put pressure on the Group's profitability, both in terms of costs associated with the launches as well as in research and development. Furthermore we had extra costs for changing the industrial system to the new products. By mid-year 2014 we will be through the industrialization of the new generations of trucks and the phase-out of the old generations. It is, however, already clear that the customer reception of the new generations of trucks has exceeded our expectations and we have entered into 2014 with a new product portfolio that really strengthens the Group's competitiveness.

A number of our markets were relatively weak during 2013, and the Group's net sales declined by 9% to SEK 272.6 billion compared with SEK 299.8 billion in the preceding year. Operating income amounted to SEK 7,138 M (18,069) and was impacted by lower volumes, negative currency development, costs associated with the extensive product renewal, restructuring charges and a write-down of Volvo Rents, which was divested in the beginning of 2014.

Despite the costs associated with the extensive product renewal we maintained our financial position. At the end of the year the Indus-

trial Operations' net financial debt was 29% of equity, which is below our target of a maximum of 35% under normal conditions. The Board of Directors proposes an unchanged dividend of SEK 3.00 per share.

Efficiency measures

We also continued to have a high pace in the implementation of the measures connected to the Group's strategy for 2013–2015. We decided to combine a number of measures under a Group-wide efficiency program, including a structural reduction of white-collar employees and consultants, a restructuring of the industrial footprint in Europe and Japan, a more streamlined sales and service organization for trucks in Europe and a reorganization of the parts distribution globally. These measures are the consequence of the transformation that the Group is undergoing and aim to increase our efficiency and competitiveness. The program will result in restructuring costs totaling approximately SEK 5 billion. Annual savings are estimated at SEK 4 billion which will gradually generate results during 2014 and achieve their full effect by the end of 2015.

Strengthening our core business

During the year, we made a number of strategic decisions aimed at strengthening our core business. In January 2013, we signed an agreement to acquire 45% of the Chinese company Dongfeng Commercial Vehicles. Through this alliance, we will get a very strong position in the Chinese truck market, which is the world's largest. In early January 2014, the National Development and Reform Commission (NDRC) in China approved the strategic alliance. Completion is subject to certain other conditions, including the approvals from other Chinese authorities, but we aim to conclude the deal by mid-year 2014.

In December we decided to divest Volvo Rents in North America, and the transaction was completed at the end of January. As a con-

sequence net financial debt in the Volvo Group's Industrial Operations was reduced by SEK 7.0 billion. Volvo CE will continue to sell products to Volvo Rents under the new ownership.

We also announced the acquisition of the Terex Corporation's rigid and articulated hauler business, which will strengthen Volvo CE's position in the important earthmoving segment and extend the presence in light mining. The deal, which is subject to regulatory approval, is expected to be finalized during the second quarter of 2014.

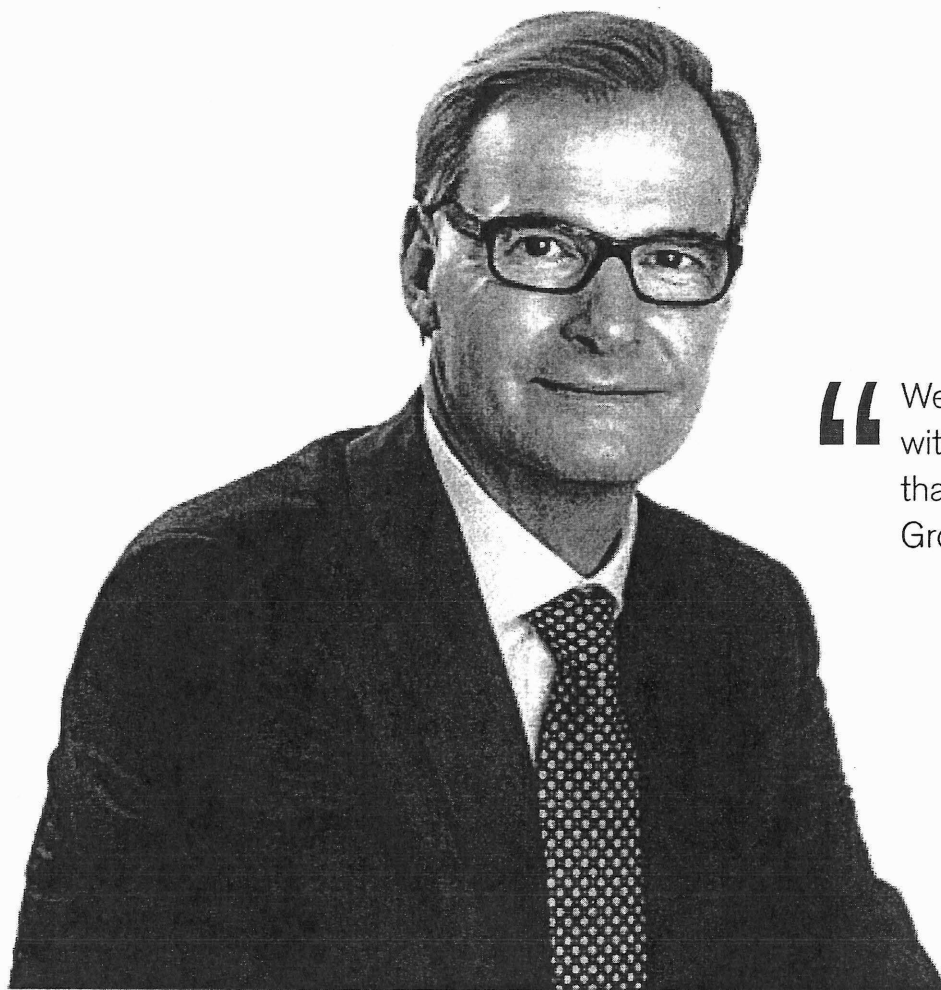
2014 – The year of efficiency improvements

The year we have left behind us was characterized by extensive product launches, which involved a lot of hard work in all parts of the Group and an elevated cost level. As I am writing this, we still have a couple of quarters ahead of us before we are completely through the Group's largest product renewal ever.

This year will be characterized by efficiency improvements, including a reduction in activities and costs, personnel reductions and measures to improve capital efficiency. All of this will play an important part in the work to provide a good return on the capital our shareholders have invested in the company and to achieve the Group's strategic and financial targets – to be one of the most profitable companies in our industry. This will also provide us with the maneuverability to continue to invest in product development, growth in new markets and ultimately to achieve our vision to become the world-leader in sustainable transport solutions.



Olof Persson
President and CEO



“ We have entered into 2014 with a new product portfolio that really strengthens the Group’s competitiveness.

2012 REORGANIZATION
& STRATEGY

2013 EXTENSIVE PRODUCT
RENEWAL

2014 EXECUTE EFFICIENCY PROGRAM
& DRIVE ORGANIC GROWTH

2015 DELIVER PROFITABILITY
IMPROVEMENT

READ MORE ABOUT OUR STRATEGY STARTING ON PAGE 10

TRANSPORT NEEDS
TODAY AND TOMORROW

OPPORTUNITIES in our BUSINESS LANDSCAPE

The world evolves at a rapid pace, making it more important than ever for the Volvo Group to have an informed understanding of our global operating environment. As part of our business and sustainability strategies, we continually analyze megatrends and regional variations to assess their impact on our Group and to seek new business development opportunities.

From our perspective, the most significant trends driving our work to sustainably meet transport and infrastructure needs today and tomorrow are:

1. Demographic growth and urbanization
 2. Climate change
 3. Resource scarcity
 4. Safety and security
 5. Competition for skills.
-



Long-term challenges

1

Demographic growth and urbanization

Today over seven billion people live on the planet. By 2025 the United Nations Population Fund expects there to be eight billion people and nine billion before 2050. Half the world's population already lives in cities. However, urbanization rates by region are not uniform. The 50% milestone will be reached in Asia in 2020, but Africa will not be urbanized to this level until about 2035. These trends are driving an urgent and growing need for transportation and better infrastructure that address the social and environmental challenges of congestion, noise and pollution, and provide solutions adapted to regions at different stages of development.

2

Climate change

There is widespread agreement that the burning of fossil fuels, including oil and diesel, is a major source of greenhouse gas emissions, which causes climate change. A sustainable transport sector must respond by improving fuel efficiency and moving towards lower carbon alternatives. This challenge is driving interest and opportunities in electromobility as well as alternative and renewable fuels that reflect the varying availability of natural resources, infrastructure, political will and incentives in different regions.

3

Resource scarcity

Population growth, industrialization, urbanization and economic growth place mounting demands on the use of the planet's finite capital. Resource efficiency and finding ways to reuse materials and energy in product lifecycles is increasingly important for industry.

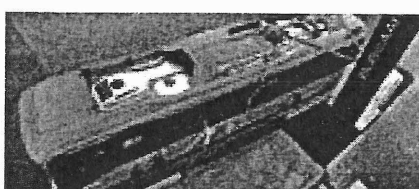


Examples of our solutions



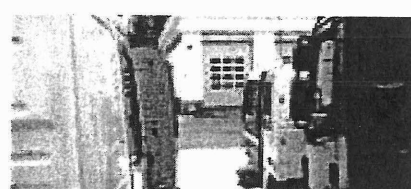
City Mobility program

Through our City Mobility program, we are working collaboratively with public transport and distribution decision makers in numerous cities around the world to develop and apply new technologies and transport solutions, such as hybrid and electric vehicles.



Reducing emission, improving results

Our commitment to the WWF Climate Savers program ensures that we look for every opportunity to reduce carbon emissions from our products and production facilities. For example, we consider every aspect of the fuel efficiency and emissions equation, including engines, tractor weight, fuel type and driver behavior. This leads to new solutions with improved environmental, economic and social benefits for our truck, bus, construction equipment and engine customers.



Reducing waste and building sustainability into manufacturing and products

We work consistently with lean methodologies with a resource efficiency focus. This means implementing ways to use less material and energy, reduce waste and recycle materials. We reuse engines and components through our remanufacturing operations. With regard to energy reduction, one example is our 2013 achievement in establishing the world's first CO₂ neutral construction equipment facility in Braås, Sweden. Underscoring our commitment, the Volvo Group uses more and more lightweight materials in our product design and more materials and methods to reduce the use of potentially harmful substances in our products. The new Volvo FH cab, for instance, has been designed to offer a healthier atmosphere for the driver, by minimizing volatile organic compound (VOC) emissions from materials used in the interior, as well reducing small particles entering the cab through the climate system.

Long-term challenges

4

Safety and security

Every year, according to the World Health Organization, there are more than 1.2 million road traffic fatalities and as many as 50 million people are injured in traffic. The WHO predicts that traffic fatalities could be among the top five causes of death worldwide by 2030. The tragedy of traffic injuries and fatalities is accentuated by the fact that the problems are worst where resources to counteract them are the scarcest; for example, low and middle income countries account for the majority of traffic fatalities.

As more nations and organizations set increasingly ambitious goals for passenger and commercial traffic safety, there is a growing trend for authorities to regulate commercial vehicles and make certain safety systems mandatory. As population and economies grow, the rising number of vehicles to transport increasing volumes of goods adds to the widespread risk of theft of both vehicles and goods. Safety and security, therefore, continues to be a key focus for the transport and infrastructure industry.

5

Competition for skills

The transport and infrastructure industry requires a broad range of competences, from engineering and technical skills to management, leadership and financial skills. Multiple factors influence the availability of skilled employees for the industry, both today and in the future. These include falling interest in science, technology, engineering and mathematics (STEM) in some developed countries; limitations of the educational systems in some emerging markets; and the long-term decline in the number of people of working age in advanced markets.



Examples of our solutions



Smart vehicles and systems for safety and security

We invest in advanced research and development and collaborate with key partners to develop smart technology and vehicle safety and security solutions that improve conditions for drivers, road users, pedestrians, vehicles and cargo. As a global manufacturer of transport solutions, the Volvo Group works to help develop solutions adapted to the specific needs of each society and market and strives to find ways to collaborate on raising traffic safety standards.



A proactive and attractive employer

We see these challenges as an opportunity to create different ways of attracting and developing a competent talent pool. For example, in addition to improving the quality of training we offer in our established markets, we are now providing vocational training in growing markets. We also support many activities to increase young people's interest in STEM.

We are active in industries with long-term growth

The transportation industry is cyclical with swings up and down in the short term. Add new emission standards, political decisions and expectations about future business conditions, all of which impact customers' decisions to purchase now or wait until later. However, in the longer term, the industry's growth is closely linked to an increasing need for transportation as economies grow.

Closely linked to the GDP development

The Volvo Group is one part of the transport industry that connects production with consumption. We are what you might call the circulatory system. Demand for transport capacity and thus for many of the Group's products is closely linked to the GDP trend.

The extent of investment in infrastructure, which drives demand for building and construction equipment, is also closely linked to the GDP trend. Increased global wealth means that there is a long-term need to build roads, airports, railways, factories, offices, shopping centers, as well as housing and recreational facilities. The registrations of new trucks on a particular market often follows the same pattern as economic growth in the region.

– The transport industry is largely in tune with the overall economic development, but demand for our products is also to a large extent determined by expectations about the future business conditions, says Johan Adler, Head of Economic Research in the Volvo Group.

Short-term factors affecting demand

In the short term, demand is affected by a number of factors including fuel prices, interest rates, the implementation of new emission regulations, etc.

New emission standards have traditionally resulted in more expensive, more technically complex trucks. This has often generated an advance purchasing effect, a pre-buy, as haulage companies have taken the opportunity to update their fleets just before the new regulations come into force. At the same time, new regulations have positive effects on the environment.

For instance, the EU moved to the Euro 6 emission standard at year-end 2013. The new standard entails significant cuts in emissions of nitrogen oxides and particulates, which is good for the environment. In order to reach these cuts, more advanced and thus more expensive engine technology is needed. During the autumn of 2013 there was an increase in demand for Euro 5 trucks as some customers chose to invest in these trucks ahead of the new emission standards.

Markets move at different paces

The transportation industry is directly linked to economic developments, but the global economies do not move at the same pace. Countries that are heavily dependent on exports, such as Sweden and Germany, are more affected when consumers in other countries tighten their belts. Countries like the USA and Brazil are also

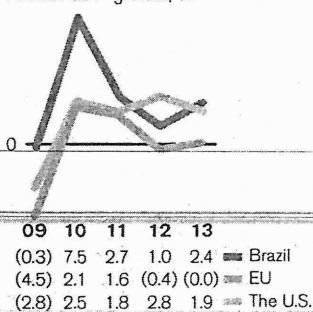
impacted by a slowdown, but to a lesser degree, as they have such large domestic markets and a relatively small part of what they produce is exported.

– The fact that the Volvo Group is global is an enormous advantage. If we had not been established on the growth markets, we wouldn't have been in the position we currently enjoy, says Johan Adler.

Growth rates in different parts of the world

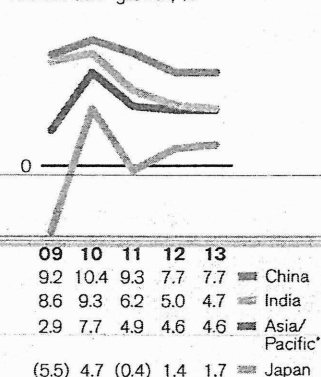
According to Consensus Economics, global GDP grew by 2.4% in 2013 compared with 2.6% in 2012. GDP in the EU was flat following a decline of 0.4% in 2012. U.S. GDP increased by 1.9% (2.8%). Japan's GDP expanded by 1.7% (1.4%). Growth in countries such as Brazil, India and China continued to be relatively subdued in 2013. For 2014, global GDP is expected to grow by 3.1%. The expected acceleration in global GDP growth in 2014 is largely driven by the improvements in the U.S. and Europe.

Economic growth in the U.S., Europe and Brazil
Annual GDP-growth, %



Source: Consensus Economics

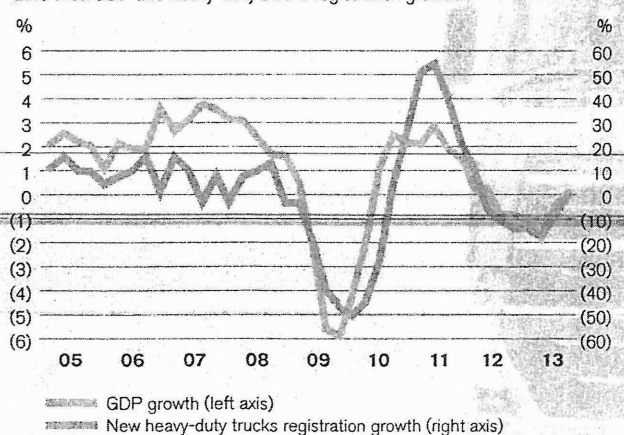
Economic growth in Asia
Annual GDP-growth, %



* China, Hong Kong, South Korea, Taiwan, Indonesia, Malaysia, Singapore, Thailand, Philippines, Vietnam, Australia, New Zealand, India, Japan, Sri Lanka

Source: Consensus Economics

The Volvo business moves in close tandem with macroeconomic development
Euro area GDP and heavy-duty trucks registration growth





Volvo FE a flexible performer

How effectively will you work today? With features including a Volvo developed engine program and I-Shift transmission, the flexible new Volvo FE meets the challenges posed by city or regional distribution, light construction, utilities and refrigerated transport jobs with true efficiency.



STRATEGY

VISION CORE VALUES CODE OF CONDUCT and WANTED POSITION

The Volvo Group is part of the global society as well as many local societies. This provides us with the opportunity to influence and contribute to social and business development. We strive to act responsibly, take into account the opinions of various stakeholders and create value for our shareholders and society. The vision is to become the world leader in sustainable transport solutions.





Our Vision

The Volvo Group's vision is to become the world leader in sustainable transport solutions by:

- creating value for customers in selected segments
- pioneering products and services for the transport and infrastructure industries
- driving quality, safety and environmental care
- working with energy, passion and respect for the individual.



Our Values

The Volvo Group views its corporate culture as a unique asset, since it is difficult for competitors to copy. By applying and strengthening the expertise and culture we have built up over the years, we can achieve our vision.

Quality, safety and environmental care are the values that form the Volvo Group's common base and are important components of our corporate culture. The corporate core values have a long tradition and permeate our organization, our products and our way of working. They are an important part of our commitment to corporate social responsibility.



Our Wanted position 2020

- We are among the most profitable in our industry.
- We are our customers' closest business partners.
- We have captured profitable growth opportunities.
- We are proven innovators of energy-efficient transport and infrastructure solutions.
- We are a global team of high performing people.



Our Code of Conduct

The Code of Conduct is the mandatory, Group-wide policy for appropriate business behavior and responsibility towards our stakeholders, and is the backbone of the Group's CSR and sustainability commitment. The Code of Conduct outlines the Volvo Group's principles and minimum standard for conducting business in an appropriate, responsible and transparent manner. The policy consists of business ethics, human rights and social justice and environmental principles which shall be applied in policies, decisions and activities.



Quality

Quality is an expression of our goal to offer reliable products and services. In all aspects of our operations, from product development and production to delivery and customer support, the focus shall be on customers' needs and expectations. Our goal is to meet or exceed their expectations. With a customer focus based on everyone's commitment and participation, our aim is to be number one in customer satisfaction. This is based on a culture in which all employees are responsive and aware of what must be accomplished to be the best business partner.



Business ethics principles

Volvo Group strives for integrity and compliance with business ethics principles in all parts of our operations and prefers to work with component suppliers, consultants, distributors and other business partners that share the same values. The most important principles to apply and implement relate to anti-corruption, not facilitating money laundering, reporting in a transparent, truthful and timely manner, fair competition and compliance with tax rules.



Safety

Safety pertains to how our products are used in society. We have had a leading position in issues regarding safety for a long time; our goal is to maintain this position. A focus on safety is an integral part of our product development work. Our employees are highly aware of safety issues, and the knowledge gained from our internal crash investigations is applied in product development. Our goal is to reduce the risk of accidents and mitigate the consequences of any accidents that may occur as well as to improve the personal safety and the work environment of the drivers of our vehicles and equipment. Our long-term vision is zero accidents with Volvo Group products.



Principles of human rights and social justice

Volvo Group shall support and respect the protection of internationally proclaimed human rights and make sure that the Group is not complicit in human rights abuses. Volvo Group's commitment to employees is that all employees shall be treated with respect and be offered equal opportunities, be provided the conditions for a safe and healthy work environment and have the right to join an association to represent their interests.



Environmental care

We believe that it is self-evident that our products and our operations shall have the lowest possible adverse impact on the environment. We are working to further improve energy efficiency and to reduce emissions in all aspects of our business, with particular focus on the use of our products. Our goal is for the Volvo Group to be ranked as a leader in environmental care within our industry. To achieve this goal, we strive for a holistic view, continuous improvement, technical development and efficient resource utilization.



Environmental principles

Environmental care has been a corporate core value for the Volvo Group since 1972 and is an integrated part of daily business throughout the value chain. We strive to design our processes and products in such a way that energy, natural resources and raw material shall be used efficiently. We aim to avoid materials and methods posing environmental and health risks.

Strategic framework

Strategies can be viewed as maps that guide everyday work and decision-making in order to achieve the Volvo Group Wanted Position 2020 and the Vision. The strategies are part of the overall Volvo Group strategic framework. Corporate core values, Group policies, directives and guidelines lay the foundation for how the Volvo Group operates and conducts business.

All work within the Volvo Group is based on a sustainability perspective, which will contribute to long-term success. Assuming responsibility for a sustainable development is deeply rooted in our culture and has its base in our corporate core values and policies in the Group's Code of Conduct. We strive to assume economic, environmental and social responsibility for the operation, products and services in the areas where the Group has the potential to influence. This will enable us to strengthen our brands and relations with business partners and thus create new business opportunities that offer long-term growth and improved profitability.

Long-term plans and strategic objectives

Long-term plans define the direction in a 5–15 year time perspective. They serve as a tool for management to drive change, protect strong positions and prioritize with regard to financial consequences. Examples include product plan, industrial plan, sales and marketing plans and service offering plan. The plans are aligned and reviewed regularly. Some long term-plans are Group common and some are specific to Group

Trucks or an individual business area. The plans may impact activity plans for strategic objectives.

Strategic objectives are made on Group Trucks and business area-level, for one fixed three year period at a time. Each strategy consists of a number of key focus areas, which in turn contain strategic objectives. The strategic objectives are broken down into a large number of road maps and activity plans – ultimately affecting employee's Personal Business Plans.

Both the long-term plans and the strategic objectives aim to reach the Wanted Position, which consists of five statements that describe where the Group wants to be by the year 2020. They represent important milestones towards achieving the Vision.

Changed prerequisites

The Volvo Group has undergone a dramatic change in the past decade. The Group has grown considerably in emerging markets and has welcomed new employees and companies. As a consequence of this, the Group currently has operations in approximately 190 markets and employs about 110,000 individuals, who strive to create efficient and sustainable transport solutions.

Adaptation of governance

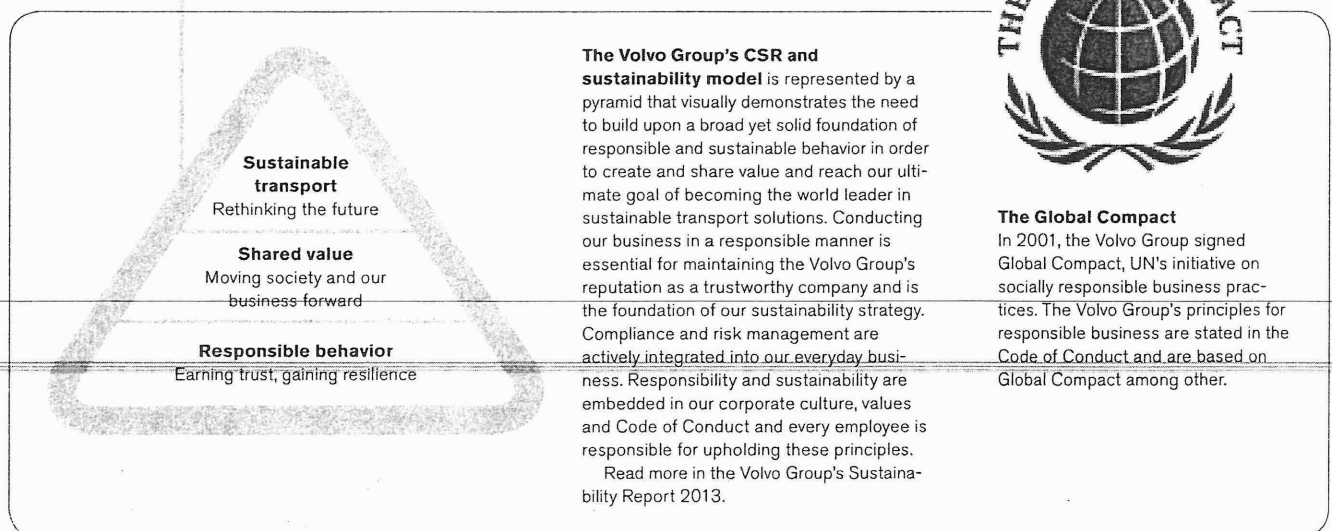
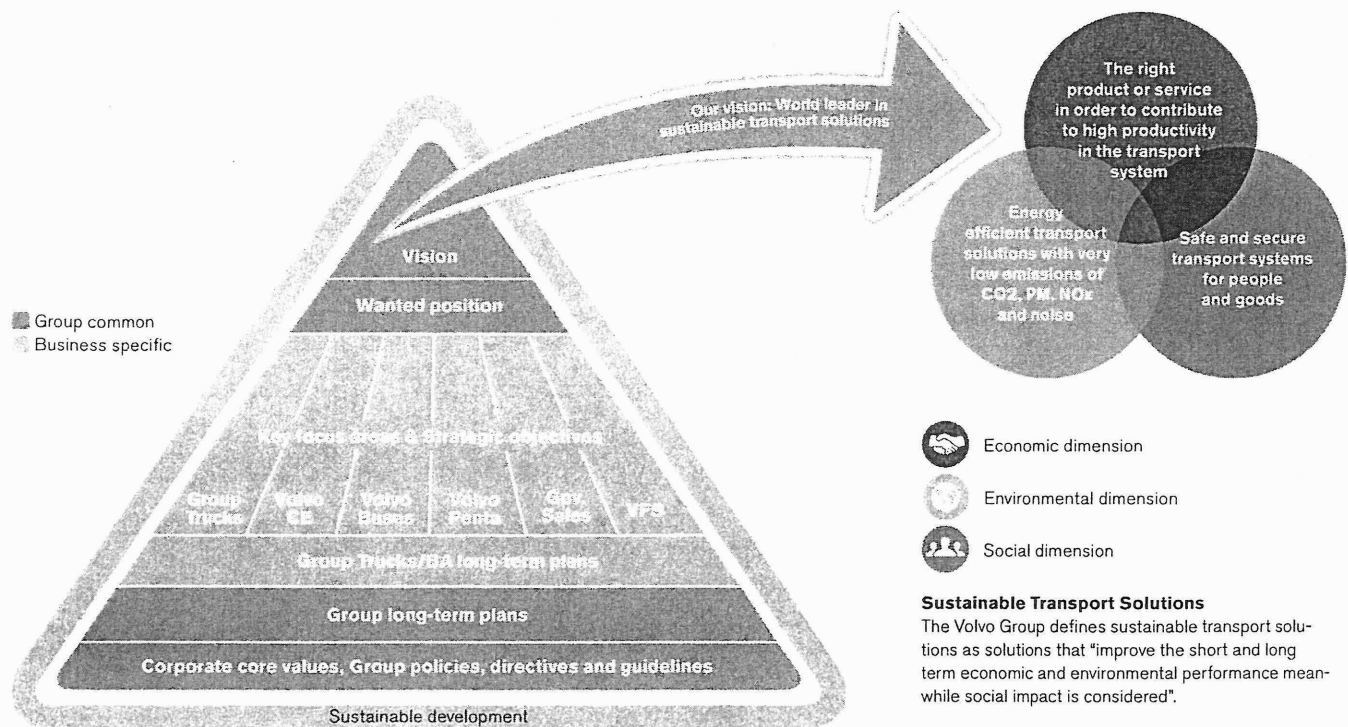
We have made extensive efforts to adapt the Volvo Group to the conditions and expectations of the business world and the future – and to achieve our wanted position by 2020. The efforts resulted in us taking a step toward governance as one Group with clarified roles and responsibilities. We have established a distinct brand portfolio and have moved from a regional focus with individual brands to a globally coordinated approach. In addition, we have created a more distinct distribution of responsibility with measurable targets. It is necessary to have all of this in place prior to the commencement of work based on the new strategies. Our structure for governance encourages close monitoring, as well as rapid and efficient decisions and early adjustments, when necessary. The system also aims to involve all employees, by clarifying how each individual is important to achieving the targets.

Strategic objectives
2013-2015

Strategic objectives
2016-2018

Strategic objectives
2019-2021

Long-term plans 5–15 years



Read more about the strategy for the period of 2013-2015 on the next page. >>>

Strategy for the period of 2013–2015

The Volvo Group's long-term plans stake out the road to success – to our vision, our target, as well as our wanted position. Our corporate core values, focus areas, strategic objectives, road maps toward targets and activity plans will help us to achieve this as efficiently as possible. In 2012, a new strategy was launched for the period 2013–2015 aimed at achieving the Volvo Group's targets in the short term and staking out the road to the Group's wanted position and ultimately, our vision.

- Revised Group vision
- New financial targets
- New incentive program
aligned with financial targets
- New strategic objectives
- New organization
- New management teams
- New process-oriented workflow
- New corporate governance
- New brand positioning

☑ 2012 REORGANIZATION
& STRATEGY

☑ 2013 EXTENSIVE PRODUCT
RENEWAL

2014 EXECUTE EFFICIENCY PROGRAM
& DRIVE ORGANIC GROWTH

2015 DELIVER PROFITABILITY
IMPROVEMENT



2013

EXTENSIVE PRODUCT RENEWAL

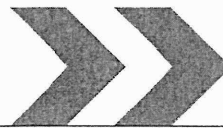
MASSIVE PRODUCT RENEWAL EXECUTED

- ❖ **Volvo** – New truck range to strengthen premium position
- ❖ **Renault Trucks** – New range to strengthen the brand and recapture market position
- ❖ **UD Trucks** – New Quester range changing the game across Asia-Pacific
- ❖ **Eicher** – New range to push heavy-duty trucks in India and for export
- ❖ **Volvo Construction Equipment** – new Tier 4f engines
- ❖ **Volvo Buses** – new Euro 6 engines, upgraded coach program and articulated hybrid bus
- ❖ **Volvo Penta** – new range of industrial engines

EFFICIENCY PROGRAM LAUNCHED

- Industrial footprint reorganization
- Parts logistics reorganization
- Product portfolio prioritization and alignment
- Structural reduction of 4,400 white-collar employees and consultants across the Group

These activities were launched in 2013 but will take effect in 2014 and 2015.



2014

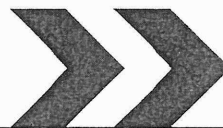
EXECUTE EFFICIENCY PROGRAM & DRIVE ORGANIC GROWTH

ORGANIC GROWTH

- ❖ Leverage new Volvo Trucks range
- ❖ Secure price level on new Renault Trucks range and start to regain market shares
- ❖ Grow volumes in Southeast Asia for UD with the new Quester range
- ❖ Maintain positive momentum in Americas

EFFICIENCY

- Reduce structural headcount among white-collar employees and consultants
- Take down R&D costs
- Improve manufacturing productivity after product renewal
- Stop activities that do not create value for the customer
- Strengthen process efficiency



2015

DELIVER PROFITABILITY IMPROVEMENT

PROFITABILITY & ORGANIC GROWTH

- ❖ Finalize industrial parts logistics footprint optimization
- ❖ Deliver reduced product cost
 - Purchasing together with R&D
 - Manufacturing
- ❖ Continuously improved white-collar efficiency
- ❖ Push sales – leverage investment in product renewal



ENTER 2016 UTILIZING THE FULL POTENTIAL OF THE VOLVO GROUP

Truck operations' strategies

After 15 years of active acquisition strategy and streamlining to commercial vehicles, the Volvo Group has entered a new phase, with a focus on driving organic growth and improving profitability. In the strategy for 2013 – 2015, we have identified five focus areas that have particularly high impact on the truck operation, for which there are 20 strategic objectives. Each objective is clearly defined and measurable and is connected to both financial and operational key performance indicators (KPI's). In addition, there is a clearly defined responsible party for each individual strategic objective.

1

KEY FOCUS AREA 1:

Secure number 1 or 2 in profitability

We operate in a capital-intensive industry. Significant investments are necessary to simply comply with new regulations. Furthermore, a strong financial position affords us the opportunity to act, and to fund innovation and development, and our own expansion. To achieve this, we must excel in turning "volumes into profit" and capture the potential for efficiency that is associated with being a truly global player.

- 1.1 Increase vehicle gross profit margin per region by 3 percentage points
- 1.2 Reduce actual standard cost of sales on total cost for current offer by 10%
- 1.3 Decrease wholesale selling expenses to 5% of sales
- 1.4 Increase own dealer soft offer absorption rate by 10 percentage points
- 1.5 Reduce R&D cost (spending pace) to SEK 11.5 billion
- 1.6 IT cost on 2% of Volvo Group total cost by 2015

2

KEY FOCUS AREA 2:

Strengthen customer business partnership

Success is based on being the best at solving our customers' problems and strengthening their operational performance. This is a key factor in building customer loyalty and becoming our customers' preferred business partner.

- 2.1 We will achieve 99% product availability contributing to "strengthen customer business partnership"
- 2.2 Drive retail excellence by implementation of an integrated customer interface tool
- 2.3 Each brand to rank number 1 on decided brand attributes in competitive set



3

KEY FOCUS AREA 3:

Capture profitable growth opportunities

We want to retain and strengthen our position as a profitable and global player in the truck industry. This is crucial given that high volumes help us achieve economies of scale and maintain our priority position among suppliers and dealers. Organic sales growth shall be equal to or exceed the weighted average for our competitors.

- 3.1 By optimizing the brand assets become number 1 or 2 in combined Group Trucks HD market share
- 3.2 Establish required commercial presence to support revenue growth by 50% in APAC (Asia Pacific) and 25% in Africa
- 3.3 Establish required Order to Delivery footprint and supply chain in APAC and Africa achieving lead time reduction by 15% and capital tied up reduction by 15%
- 3.4 Increase aftermarket sales per unit in operation by 12%, including total commercial solution offer for second and third owner
- 3.5 Build SEK 1 billion new businesses complementary to existing offering

4

KEY FOCUS AREA 4:

Innovate energy-efficient transport and infrastructure solutions

Environmental concerns, political demands, megacities and fuel prices are driving regulation and green technology. We must be able to anticipate and act on changing market demands and shifts in technology, and have the capacity to rapidly bring new solutions to market.

- 4.1 Fuel efficiency to be improved by 2% per annum through vehicle optimization, diesel efficiency and electromobility
- 4.2 Commercialize alternative fuel technology by launching concepts or products in all regions

5

KEY FOCUS AREA 5:

Build high performing global teams

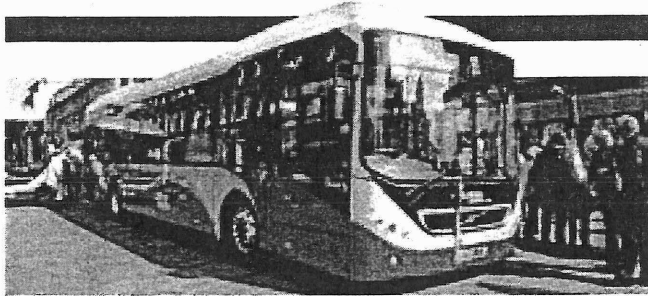
To outperform competitors and achieve agreed objectives, we must attract and retain people with the right competencies across all of our businesses. Fully leveraging the existing in-depth business expertise and adopting best practices throughout our global organization will set us apart from the competition.

- 5.1 Become an attractive employer measured by reaching the employee engagement level (EEL) of high performing companies
- 5.2 Drive high performance measured by reaching performance excellence level (PEL) of high performing companies
- 5.3 Secure leadership and strategic competencies, primary focus is the implementation of Volvo Group University
- 5.4 Build an efficient and inclusive organization by implementing common global level 1 and 2 processes

Business Areas' strategies

Profitable growth is the main focus area for Volvo Construction Equipment, Volvo Buses, Volvo Penta and Volvo Financial Services for the strategic period 2013–2015. Here, the presidents of Volvo Buses, Volvo CE and Volvo Penta as well as Volvo Financial Services outline their respective strategies.

Volvo Buses



Continued expansion in rapidly growing markets in Asia, investment in electromobility and ongoing internal efficiency program are central elements in Volvo Buses' strategy to increase profitability through 2015.

– As we strengthen our presence in key growth markets, we are also establishing cooperation with cities around the world with respect to the development of efficient and environmentally adapted transport systems. There is an increasing interest in electric buses, which will represent an increasingly important part of our product portfolio, says Volvo Buses' President, Håkan Agnevall.

Since 2012, Volvo Buses has been working with well-defined focus areas for growth and internal efficiency enhancements. The trend is positive for the internal efficiency program, but, the total market for buses remained at low levels in 2013, which put pressure on Volvo Buses' profitability.

Volvo Buses' focus areas

- Number 1 in customer satisfaction.
- Profitable core market clusters.
- Soft product acceleration.
- Asia leverage.
- Profitable product portfolio.
- Manufacturing efficiency.
- Research and development efficiency.
- One company culture with high performing people and organization.

Volvo Construction Equipment



The first year of Volvo Construction Equipment's (Volvo CE) three-year strategy saw progress in a number of areas. Volvo CE maintained its leadership in the Chinese excavator and wheel loader market. Its SDLG brand also received a boost, with SDLG excavators now being built in Brazil and its wheel loaders introduced to the North American market. The made-for-China L105 wheel loader is the first of a series of Volvo-branded products that target the needs of customers in emerging markets.

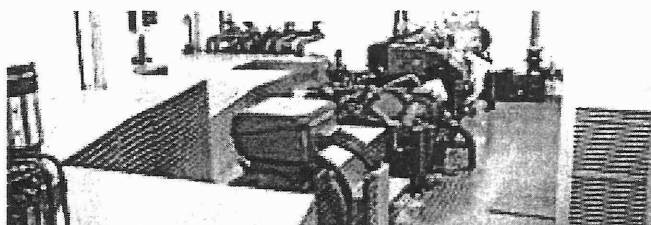
Now under the leadership of new President Martin Weissburg, Volvo CE continues to grow its Customer Solutions business, helped by initiatives such as more affordable wear parts, broader attachment ranges and greater customer support agreement penetration.

Internally, Volvo CE continues to focus on excellence in leadership and efficiency of operations. New products are being developed faster and to a higher quality, the latter evidenced by a drop in warranty claims. This focus on quality and efficiency is not restricted to Volvo CE's own organization but extends to the entire supply chain, with suppliers and dealers.

Volvo CE's focus areas

- Profitably grow SDLG business globally.
- Develop Volvo-branded products for emerging markets.
- Significantly increase Customer Solutions revenues.
- Significantly increase dealer and supply chain capability.
- Increase share and profitability of road products.
- Increase gross margin per machine.
- Increase product portfolio development (PPD) efficiency.
- Deploy CAST globally (Common Architecture, Shared Technology).
- Develop, recognize and promote excellent leadership.

Volvo Penta



Volvo Penta's strategy is a customer and quality oriented growth strategy, focused on nurturing current customers and attracting new potentials with premium products.

– Marine Leisure will remain very important to our profitability over the next two years. During 2013 we continued to strengthen our position and increased our market share, and we are continuing to develop our Easy Boating concept – our award-winning glass cockpit is a good example of that, says President Björn Ingemansson.

However, the fastest growing business for Volvo Penta in the past decade has been sales of industrial engines, which currently represent about 50% of Volvo Penta's total sales value.

– Over the next two years, I think the area where we can make the greatest difference is in the Industrial segment. Our product lineup has never been more competitive within versatile industrial engines, i.e. engines used in mining vehicles, stone crushers, cranes and forklift trucks, says Björn Ingemansson.

The other area with considerable potential for growth is the Marine Commercial segment, where there is an increased need for coastal surveillance and patrolling, passenger transports, supply vessels and off-shore energy. Volvo Penta's objective is to double the business in this area by 2015. Volvo Penta is also to prepare for new markets, mainly in Asia but also in Africa and South America.

Volvo Penta's focus areas

- Grow the Industrial Versatile Engine (VE) business.
- Grow the Marine Commercial business.
- Leverage on growth in emerging markets.
- Build a world-class supply system.
- Build a customer- and quality-focused company culture.

Volvo Financial Services



Profitability, integrated offerings, increased opportunities for growth and leadership development – these are Volvo Financial Services' (VFS) cornerstones in the strategy for 2013–2015.

To ensure successful execution of its strategy, VFS has selected five key focus areas, according to Acting President, Scott Rafkin. These key focus areas will help guide VFS to higher levels of performance as a key element of the Volvo Group's success.

After one full year of execution towards the three year strategic objectives, VFS is on track and has achieved significant results. For example, further integration of Volvo Group products and services, including financial services, is critical for the efficient delivery of total customer solutions. VFS has invested in and executed world class point of sales processes and systems that have already made the total offer concept a reality. Further development is planned during the strategic period to achieve even higher levels of integration.

Many more opportunities exist for VFS to maximize its full potential in support of Volvo Group sales. Customer value and ease of doing business are at the heart of such initiatives and will continue to shape VFS activities throughout the strategic period.

Volvo Financial Services' focus areas

- Strengthen customer and dealer partnerships throughout product lifecycle.
- Capture profitable growth opportunities.
- Drive operational excellence in support of efficient customer solutions.
- Attract, develop and retain high-performing employees.
- Optimize shareholder return on equity.

Major activities that support the strategic objectives

The Volvo Group is in an intense period of activities supporting the strategic objectives. Below are the major activities initiated in 2012 and 2013.



Q4 2012

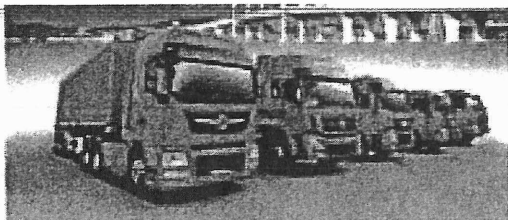
- Right-sizing of UD Trucks in Japan
– 950 employees less as of Jan 1, 2013.
Read more on page 63 >>
- New sales and marketing organization for Trucks in Europe, Middle East and Africa (EMEA) announced. Implementation started on January 1, 2013.
Read more on page 73 >>

2012

2013

Q1 2013

- Agreement to acquire 45% of Dongfeng Commercial Vehicles in China.
Read more on page 63 >>
- Study initiated to optimize the European truck plant footprint.
Read more on page 73 >>
- Activities to improve profitability in Japan
– new commercial organization
– industrial consolidation.
Read more on page 63 >>



Q2 2013

- Complete renewal of Renault Trucks' product range started.
Read more on page 54 >>
- New Volvo FMX, Volvo FM, Volvo FE and Volvo FL launched.
Read more on page 28 >>
- Efficiency potentials identified, to be executed in coming quarters.

